

CALIFORNIA COASTAL COMMISSION

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Staff:	Anne Blemker-LB
Staff Report:	April 20, 2006
Hearing Date:	May 10-12, 2006

STAFF REPORT: REGULAR CALENDAR

APPLICATION NUMBER: 5-05-240

APPLICANTS: Alkapuri Associates, LLC

AGENT: David Swerdlin

PROJECT LOCATION: 402-404 Pasadena Court, San Clemente, Orange County

PROJECT DESCRIPTION: Construction of 18,511 square foot eight-unit condominium project consisting of seven new units in two wings (north wing: 3 units in 2 stories & south wing: 4 units in 4 stories), with 21 parking spaces in new 18-car subterranean garage and renovation of historic residence with attached 3-car garage, re-creation of historical gardens, and provision of new public ocean view area. The historic residence will be used as the eighth condominium unit. Approximately 3,620 cubic yards of grading (3,350 cy cut and 270 cy fill) is proposed for parking garage excavation and site preparation.

PROJECT SPECIFICS:

Lot Area:	17,791 sq. ft.
New Building Area:	15,548 sq. ft.
Retained Building Area:	2,963 sq. ft.
Total Bldg. Area (incl. garages):	18,511 sq. ft.
Pavement Coverage:	2,382 sq. ft.
Landscape Coverage:	5,423 sq. ft.
Parking Spaces:	21 (3 retained & 18 new)
Land Use Designation:	CRC1-p-A
Avg. ht. above final grade:	38 feet 8 inches

SUMMARY OF STAFF RECOMMENDATION:

The applicants propose to construct an 8-unit condominium project on an historic property in the Pier Bowl district of the City of San Clemente. Staff recommends that the Commission **DENY** the proposed development. The major issue of this staff report is protection and encouragement of visitor-serving land uses in prime coastal tourism areas. This site is one of only two sites designated as CRC (Coastal and Recreation Services) in the certified LUP. As the City's population grows and development pressures increase, the demand for visitor-serving uses will also increase. As proposed, the project would allow the construction of a residential

development on a site designated for visitor-serving use. The site is particularly desirable for visitor-serving development due to its location overlooking the Pier Bowl and ocean.

The applicants object to the staff recommendation, contending that the site has historically been a residential use and has never provided a visitor-serving use. They also cite topographic challenges, economic infeasibility, and lack of demand for such a use at the subject location.

Section 30600(c) of the Coastal Act provides for the issuance of coastal development permits directly by the Commission in regions where the local government having jurisdiction does not have a certified Local Coastal Program. The City of San Clemente only has a certified Land Use Plan and has not exercised the options provided in 30600(b) or 30600.5 to issue its own permits. Therefore, the Coastal Commission is the permit issuing entity and the standard of review is Chapter 3 of the Coastal Act. The certified Land Use Plan may be used for guidance.

STAFF NOTE:

The item was originally scheduled for the Commission's February 2006 hearing. The applicant requested a postponement to respond to the staff recommendation of denial. Since that time, Commission staff has had multiple phone conversations, e-mail exchanges, and an in-person meeting with the applicants' agent to discuss the project.

The applicants have expressed strong disagreement with staff's analysis of visitor-serving opportunities at the site and the LUP designation of the site as Coastal and Recreation Services (CRC). In response to staff inquiries regarding the potential use of the site as a visitor-serving use such as a bed and breakfast, the agent prepared a comparative analysis of overnight accommodations in the San Clemente area (Exhibit 10). The agent's analysis provides information regarding current room rates and occupancy rates for the existing hotel/motel rooms in the Pier Bowl, an estimate of the number of house/apartment rentals available, and a pro forma for a bed and breakfast on the subject property. The agent relies heavily on a 2004 Market Study prepared for the City of San Clemente by Economic and Planning Systems (EPS). The pertinent pages of the EPS study are provided as Exhibit 11. The agent's analysis concludes that a bed and breakfast is not financially feasible at the subject site due to high development costs and lack of demand.

Reasons include the current 68-70% occupancy rate for rooms in the Pier Bowl and the construction of additional rooms in other areas of San Clemente, which will increase the overall supply of overnight accommodations. As stated in the analysis, *"the Marblehead and North Beach areas are providing additional Coastal and Visitor serving recreational access and opportunities and in greater numbers of rooms and commercial/retail uses."* The agent also concludes that the costs related to constructing a bed and breakfast at the site (including cost of property, restoration of the historic structure, new parking garage, etc.) would total \$7,750,000 to \$8,200,000. Based on the agent's calculations, the average room rate would have to be \$660 per night for the owners –in their view- to make an adequate return on their investment. The average room rate for the Pier Bowl area is \$268 per night. Therefore, the agent concludes that a bed and breakfast is not feasible and maintains that the construction of condominiums is an appropriate use of the site. Staff notes that similar costs associated with property acquisition, restoration of the historic structure, and a new parking garage exist with any development proposal.

In separate correspondence, the agent makes the argument that the Coastal Commission intended to incorporate the policies of the Pier Bowl Specific Plan of 1993 directly into the LUP/Coastal Element in its certification of the update of that document in 1995. The Pier Bowl Specific Plan allows for residential development of the subject site. As explained in this staff report, the Pier Bowl Specific Plan was never certified by the Commission and is not considered

part of the LUP. Moreover, regardless of what is considered part of the LUP, in the current case, the Chapter Three policies of the Coastal Act are applied as the standard of review.

Staff maintains that the proposal would eliminate a potential visitor serving commercial use in a prime location for such a use. If a bed and breakfast cannot be accommodated on the site, which has not been categorically proven, perhaps some other visitor serving commercial use could be considered. For example, the site could support a retail, restaurant or office use that serves visitors to the coast. Allowable uses under the CRC land use designation in the LUP include “*retail, restaurants, offices, recreation, overnight accommodations, entertainment and similar uses.*” Due to the existence of development options for the subject property that could potentially provide a visitor-serving use, staff continues to recommend denial of the proposed private residential project.

LOCAL APPROVALS RECEIVED:

City of San Clemente City Council adoption of Resolution No. 05-30 certifying the Final Environmental Impact Report for the Seacliff Condominium Project and Resolution No. 05-31 approving Tentative Tract Map 16092/Conditional Use Permit 01-040/Cultural Heritage Permit 00-131 and Approval-in-Concept from the Department of Community Development received June 24, 2005.

SUBSTANTIVE FILE DOCUMENTS:

City of San Clemente Certified Land Use Plan; City of San Clemente Pier Bowl Specific Plan; Final Environmental Impact Report for Seacliff Condominiums prepared by Keeton Kreitzer Consulting dated May 3, 2005; Preliminary Geotechnical Investigation for Proposed Multi-family Residential Development, 404 Pasadena Court, Lots 60, 61 & 62, Block 1, Tract 785, San Clemente, California prepared by Peter and Associates dated January 2, 2001.

LIST OF EXHIBITS:

1. Vicinity Map
2. Assessor’s Parcel Map
3. Pier Bowl Boundary Map
4. Project Plans
5. Land Use Plan Table 3-1
6. Correspondence from Opponent
7. Correspondence from Agent
8. Photo Simulations
9. Aerial Photo of Pier Bowl
10. Correspondence from David Swerdlin, Agent for Alkapuri Assoc. dated March 22, 2006, April 11, 2006 and April 19, 2006
11. Downtown San Clemente Strategic Plan Market Assessment prepared by Economic and Planning Systems (EPS) dated August 12, 2004 (pertinent pages)

I. MOTION AND RESOLUTION:

The staff recommends that the Commission make the following motion and adopt the following resolution:

Motion: *I move that the Commission approve proposed Coastal Development Permit No. 5-05-240 for the development as proposed by the applicants.*

Staff recommends a **NO** vote. Failure of this motion will result in denial of the permit and adoption of the following resolution and findings. The motion passes only by affirmative vote of majority of the Commissioners present.

Resolution to Deny Permit No. 5-05-240:

The Commission hereby denies a coastal development permit on the grounds that the development will not conform with the policies of Chapter 3 of the Coastal Act and will prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3. Approval of the permit would not comply with the California Environmental Quality Act because there are feasible mitigation measures or alternatives that would substantially lessen the significant adverse impacts of the development on the environment.

II. FINDINGS AND DECLARATIONS

The Commission hereby finds and declares:

A. Project Location, Description and Background

Project Location

The subject site is an historic property (known as the Robison property) located at 402-404 Pasadena Court in the Pier Bowl area of the City of San Clemente (Exhibits 1 & 2). The subject site is a 0.41-acre (17,791 square foot) sloping, irregularly shaped lot with frontage along Pasadena Court, Cazador Lane and Avenida Victoria. Surrounding uses include multi-family development to the north and southeast, single-family development to the east, and hotel development to the southwest (seaward). The site is located within the CRC-p-A land use designation (Coastal and Recreation Services with a Pedestrian overlay and an Architectural overlay). The nearest public coastal access is provided at the entrance to the San Clemente Municipal Pier, less than one-quarter mile from the site.

The Pier Bowl is a mixed-use district adjacent to the Municipal Pier, which serves as the central focal point of the City (Exhibit 3). The area includes commercial, visitor-serving and residential development. As described in the Pier Bowl Specific Plan, the topography of the subject area gently slopes seaward, forming a “*natural amphitheater to the ocean.*” The site is located along the southernmost rim of the amphitheater. An aerial view of the area is provided as Exhibit 9.

Project Description

The applicants are proposing the construction of an 18,511 square foot condominium project consisting of seven new units and renovation of an existing 2,963 square foot historic residence for use as an eighth unit (Exhibit 4). The new units will be constructed in two wings with 11,699 square feet of living area. The north wing will provide 3 units in 2 stories. The south wing will provide 4 units in 4 stories. Parking for the new units will be provided in a new 18-car subterranean garage accessed from Avenida Victoria. The historic structure will be served by an existing attached 3-car garage, which also takes access from Avenida Victoria. The project also involves re-creation of the historical gardens and provision of a new 1,387 square foot public ocean viewing area along Pasadena Court. Approximately 3,620 cubic yards of grading (3,350 cy cut and 270 cy fill) is proposed for parking garage excavation and site preparation.

Site History and Project Background

The site is developed with a four-level single-family residence known as Vista del Las Olas, which was constructed in 1927. The structure is located in the center of the site, surrounded by historic gardens. The main element of the house is a one-story portion fronting Pasadena Court. The remaining levels of the structure follow the slope of the lot down to Avenida Victoria. The structure has been converted into three apartments, with a three-car garage on the lowest level.

As explained in the EIR, the property has been included in the City of San Clemente's Designated Historic Structures List. Because the property is included in the Designated Historic Structures List, it is also listed in the California Register. The property, including the site features (i.e. gardens) is eligible for listing in the National Register of Historic Places for its "...contribution to the 'Spanish Village' district," and for "...its individual qualities, and its presumed association with [Virgil] Westbrook." As a condition of local approval, the applicants are required to rehabilitate the historic structure, north garden, portions of the south garden and to reconstruct portions of the south garden. Once rehabilitated, the historic property must be maintained in perpetuity in accordance with the Secretary of the Interior Standards. The Secretary of the Interior is responsible for establishing standards on the preservation of historic properties listed in or eligible for listing in the National Register of Historic Places. The Standards pertain to historic buildings of all materials, construction types, sizes, and occupancy and encompass the exterior and interior of the buildings. They also encompass related landscape features and the building's site and environment, as well as attached, adjacent, or related new construction.

B. Standard of Review

The Commission certified the City of San Clemente Land Use Plan (LUP) on May 11, 1988, and approved an amendment in October 1995. On April 10, 1998, the Commission certified with suggested modifications the Implementation Plan (IP) portion of the Local Coastal Program (LCP). The suggested modifications expired on October 10, 1998. Therefore, the City has no certified LCP and the Commission retains permit issuance jurisdiction.

The Chapter Three policies of the Coastal Act are applied as the standard of review. The City's certified LUP will be used as guidance in the current analysis.

The City adopted the Pier Bowl Specific Plan on October 13, 1993. The Specific Plan will be included in the City's IP submittal for Commission review. However, as the Commission has yet to certify the Specific Plan, the Plan will not be applied as guidance.

C. Coastal Access/Priority Land Uses

1. Coastal Act Policies

The Coastal Act gives priority to visitor-serving commercial uses, encourages the provision of lower cost visitor and recreational facilities, and provides that development should maintain and enhance public access to the coast.

Section 30213 of the Coastal Act states:

Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.

Section 30221 states:

Oceanfront land suitable for recreational use shall be protected for recreational use and development unless present and foreseeable future demand for public or commercial recreational activities that could be accommodated on the property is already adequately provided for in the area.

Section 30222 states:

The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.

Section 30252 states, in relevant part:

The location and amount of new development should maintain and enhance public access to the coast by...(2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads,...(4) providing adequate parking facilities or providing substitute means of serving the development with public transportation.

2. Land Use Plan Policies

Chapter 3 (Goals and Policies) of the City of San Clemente Certified Land Use Plan (LUP) contains policies regarding development within the Pier Bowl area.

Chapter 3, Section F of the LUP discusses special districts within San Clemente, including the Pier Bowl area. The City's LUP describes future plans for the Pier Bowl as follows:

Plan policy provides for the continuation of the Pier Bowl as a recreational activity area. Coastal recreational uses include retail, restaurant, hotel, bed and breakfast, time share, and residential are allowed. Cultural and recreational activities, including the Ocean Festival, are encouraged. Building design in the Pier Bowl is required to preserve public views, encourage pedestrian activity, to be sensitive to the Pier Bowls' topography and to be a Spanish Colonial Revival Architecture style.

Mirroring Section 30252 of the Coastal Act, Section VII(d) of the LUP states, in relevant part:

The location and amount of new development should maintain and enhance public access to the coast by...(2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads...

Mirroring Section 30222 of the Coastal Act, Section X.3 of the LUP states:

The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.

Policy II.1 states, in pertinent part:

Accommodate the continuation of existing and development of a mix of new neighborhood, visitor-serving commercial centers in areas designated respectively as "NC" and "CRC" in accordance with the density and height standards stipulated in Table 3-1.

3. Visitor-Serving Commercial Development and Recreational Use

The primary issue of concern presented by this proposal is the need to reserve adequate and suitable land for high priority, visitor-serving uses. As cited previously, Section 30213 of the Coastal Act requires that lower cost visitor and recreational facilities be protected, encouraged and where feasible, provided. Section 30221 requires land suitable for recreational use to be protected for recreational use and development. Section 30222 prioritizes visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation over private residential use. The proposed project would eliminate the possibility of the subject site being developed as a visitor-serving commercial facility.

The project involves development of the Robison property into an eight-unit condominium complex. The Robison property is located immediately adjacent to the Beachcomber Motel, a landmark development located along the bluff overlooking the San Clemente Municipal Pier. The possibility of combining the Beachcomber and Robison properties has been anticipated and allowed for in the City's Planning documents. The General Plan, Coastal Element (certified Land Use Plan) and Pier Bowl Specific Plan designate the site as CRC (Coastal and Recreation Services) and contain policies to guide combined development of these two lots. The General Plan and the Pier Bowl Specific Plan also contain alternatives to CRC development at the Robison property if the site is developed separately. According to the General Plan and Specific Plan, multi-family residential use is allowable with a conditional use permit. The zoning designation for the site is R-3, multi-family residential. However, the Coastal Element/Land Use Plan does not contain the same exceptions to the CRC land use. The Land Use Plan contains references to the General Plan, but does not specifically incorporate the General Plan policies or land use designations into the Land Use Plan. The Land Use Map depicts the site as CRC and Table 3-1 lists "Typical Principal Uses" and "Maximum Density/Intensity and Height" for the CRC land use category (Exhibit 5).

In response to Commission staff inquiries, City staff offered the following explanation of the apparent land use discrepancy:

Regarding the land use on Sea Cliff project which is located on the site known as the Robison property, the LUP for the Pier Bowl specifically refers to section 1.14 of the General Plan Land Use Element which provides the details on this special district.

Policy 1.14.18 states "Allow for the option of the development of multi-family residential units on the Robison property."

Policy 1.14.20 states "Permit a maximum density of 36 units per net acre and a maximum height of 45 feet should the Robison property be developed as residential use."

Clearly this was always the intent of the LUP to allow for this project to have the option to develop as visitor serving commercial if it were to be combined with the Beachcomber property or residential if it were to be developed by itself. It is also clear that it was the intent of the LUP that it match the land uses of the City General Plan as it states "The Coastal Element utilizes the same land use designations found in the Land Use Element of the City's General Plan".

The Commission acknowledges that Section 302 of the LUP (Coastal Element) states that the Coastal Element uses the same land use designations found in the Land Use Element of the City's General Plan. Additionally, before the Pier Bowl policies on page 3-15, there is an italicized line stating "Pier Bowl (refer to Section 1.14 of the General Plan Land Use Element)".

However, the land use designations and policies of the General Plan are not incorporated by reference into the LUP. Also, the language in Section 1.14.18 of the General Plan is not a definition of a land use designation; it is a specific allowance for a specific property. Therefore, even if the LUP did incorporate the land use designations from the General Plan, it does not specifically incorporate Section 1.14.18, which allows for the option of residential development on the subject site. As such, the only land use designation that is relevant to the Commission's review for this site is the one in the certified LUP--Coastal Recreation Services (CRC).

Interestingly, the LUP amendment certified in October 1995 changed the land use designation of the subject site from H (High Density Residential) to CRC. This was done to accommodate a proposed commercial project that combined the Beachcomber and Robison properties. The project was eventually withdrawn from local consideration and was never reviewed by the Commission.

The project site is located in a prime location for visitor-serving commercial development. The Robison property sits at the upper edge of the Pier Bowl, overlooking the Pier, ocean, and core commercial development along Avenida Victoria. It also takes vehicular access from Avenida Victoria. Although the site is not directly oceanfront, it is situated only one lot from the coastal bluff and offers sweeping views of the coastline.

The proposed development will have an adverse affect on the opportunity for priority visitor-serving development. Residential development is the lowest priority use within the Coastal Zone. The site may be developed with any type of coastal-related commercial use, including those that are neighborhood serving and/or community serving. According to the uses listed in the LUP, this may include *“retail, restaurants, offices, recreation, overnight accommodations, entertainment and similar uses.”* The Commission would be interested in promoting and reserving the site for a primary visitor-serving use, such as overnight accommodations. Due to its setting, the site would be particularly conducive to a bed and breakfast. The City of San Clemente offers fewer overnight accommodation opportunities than similarly sized coastal cities in Orange County and any increase in the room supply would provide a benefit to coastal visitors. Other development options include a museum or community center. Opponents to the project argue that the site should be developed in accordance with the CRC land use designation (Exhibit 6).

According to City staff, the Pier Bowl is not being targeted for additional hotel rooms and parking and traffic concerns would be raised with any type of commercial development at the site. The agent for the applicants has asserted that the site was only intended to be a tourist-serving use if combined with the Beachcomber Motel (Exhibit 7). The agent has also stated that there is no demand for additional overnight accommodations and that such a development would not be economically viable, particularly due to the cost of restoring the historic structure.

The agent (David Swerdlin) prepared, in conjunction with Dennis Gage with Concord Development, a comparative analysis of overnight accommodations in the San Clemente area (Exhibit 10). The agent's analysis provides information regarding current room rates and occupancy rates for the existing hotel/motel rooms in the Pier Bowl, an estimate of the number of house/apartment rentals available, and a pro forma for a bed and breakfast on the subject property. The agent relies heavily on a 2004 Market Study prepared for the City of San Clemente by Economic and Planning Systems (EPS). The pertinent pages of the EPS study are provided as Exhibit 11. The agent's analysis concludes that a bed and breakfast is not financially feasible at the subject site due to high development costs and lack of demand.

The agent's analysis cites a 68%-70% occupancy rate for the hotel/motel rooms in the Pier Bowl area and states that the construction of additional rooms in other areas of San Clemente will

increase the overall supply of overnight accommodations. As stated in the analysis, *“the Marblehead and North Beach areas are providing additional Coastal and Visitor serving recreational access and opportunities and in greater numbers of rooms and commercial/retail uses.”* It should be noted that the hotel being constructed at the Marblehead site is located outside of the Coastal Zone, adjacent to Interstate 5. The Commission has no ability to control land use at that site, unlike the subject site.

The agent also concludes that the costs related to constructing a bed and breakfast at the site (including cost of property, restoration of the historic structure, new parking garage, etc.) would total \$7,750,000 to \$8,200,000. Based on the agent’s calculations, the average room rate would have to be \$660 per night for the owners –in their view- to make an adequate return on their investment. The average room rate for the Pier Bowl area is \$268 per night. Therefore, the agent concludes that a bed and breakfast is not feasible and maintains that the construction of condominiums is an appropriate use of the site. Staff notes that similar costs associated with property acquisition, restoration of the historic structure, and a new parking garage exist with any development proposal.

Although the agent has provided information asserting that a bed and breakfast is not a financially viable option at the subject site, economic factors change over time. In addition, the site would not be limited to a lodging use. The site is located in a highly visible, well-traveled location and could potentially support a variety of commercial development in the future. If the site were to be residentially developed now, the opportunity for future commercial use would be lost.

The agent has also noted that the size of the subject site presents difficulties for commercial development due to the required number of parking spaces. However, if 21 spaces can be provided for the proposed condominium use, then the same number could be provided for a commercial use. Consequently, there is an opportunity to provide adequate parking without allowing residential development. In addition, while the property could be developed separately, the original vision was the possible consolidation of the Robison and Beachcomber properties at this prominent setting.

Commercial development of the site could serve potential visitors to the coast. As the population of San Clemente and the surrounding area continues to grow, the demand for visitor-serving uses will also grow. The corner location is conducive to commercial development and consistent with the adjacent commercial hotel use and the nearby commercial development on Avenida Victoria. Residential development at the subject site would provide little benefit to members of the visiting public. The public viewing area would be provided at Pasadena Court, but that alone would not provide a sufficient draw to the site. Such a viewing area could also be provided in conjunction with a commercial development.

The proposed development is inconsistent with Section 30213 of the Coastal Act, which requires visitor and recreational facilities be *“protected, encouraged, and, where feasible, provided.”* The proposed project would fail to prioritize *“visitor serving commercial recreational facilities”* as required by Section 30222 of the Coastal Act. The project would also preclude the possibility of future development as a visitor-serving use, ignoring *“foreseeable future demand for public or commercial recreational activities that could be accommodated on the property”* as required by Section 30221. Lastly, the proposed project is inconsistent with Section 30252 of the Coastal Act, which requires the *“location and amount of new development should maintain and enhance public access to the coast by... (2) providing commercial facilities within or adjoining residential development.”*

Therefore, the Commission finds that the proposed development poses adverse impacts to the provision of lower cost visitor and recreational facilities and is inconsistent with Sections 30213,

30221, 30222, 30252 of the Coastal Act as well as the LUP land use designation, and the project must be denied.

D. Scenic and Visual Resources

1. Coastal Act Policy

Section 30251 of the Coastal Act states, in pertinent part:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas.

2. City of San Clemente Land Use Plan Policies

Section 305 of the City's certified LUP contains the following Coastal Visual and Historic Resources Goals and Policies.

Policy XII.5 states:

Preserve the aesthetic resources of the City, including coastal bluffs, visually significant ridgelines, and coastal canyons, and significant public views.

Policy XII.9 states:

Promote the preservation of significant public view corridors to the ocean.

Policy XIII.3 states:

Through the design review process, encourage that new development is compatible with adjacent existing historic structures in terms of scale, massing, building materials and general architectural treatment.

3. Analysis of Scenic and Visual Resource Issues

As proposed, the project consists of the construction of two new buildings (one four-story and one two-story) and the retention of a four-level historic structure. The proposed development will reach an average maximum height of 38' 8" above existing grade. The project is sited in an area where development is allowed to reach to a maximum average building height of 45 feet above existing grade. (Averages are used to accommodate development on sloping lots.) The project will appear two-story as viewed from Pasadena Court and Cazador Lane (inland vantage points), but will appear four stories from Avenida Victoria and the ocean.

The current project represents a scaled down version of the applicants' original proposal for the site. According the City staff report, the original request submitted to the City was for "a ten-unit condominium project that was 45 feet high, near the maximum Floor Area Ratio (FAR) limit, altered the historic building, neglected the principles of architectural guidelines and eliminated the historic south garden." In response to negative reaction from City staff and the public, the project has undergone substantial redesign that reduces the size of the buildings, lowers the height and reduces the density of the structure.

The currently proposed development will still be highly visible from public vantage points, including Avenida Victoria and the San Clemente Municipal Pier. Due to the project's location, it

is necessary to evaluate how the proposed development will affect public views and conform to the character of surrounding development. Toward this end, visual simulations were prepared for the EIR (Exhibits 8a & 8b).¹

At present, the ocean is visible when traveling toward the Municipal Pier via Avenida Victoria. Avenida Victoria is a primary entrance road into the Pier Bowl. The Commission recognizes this horizon view of the ocean to be a visual resource of statewide significance. As shown in Exhibit 8a, the proposed project will maintain views of the ocean within this existing public view corridor. No significant view obstruction will occur.

Nonetheless, the project will affect views inland toward the Pier Bowl as seen from the San Clemente Pier (Exhibit 8b). The new condominium wings will be constructed on portions of the lot that are currently open landscape/hardscape areas. As described previously, the property sits atop the edge of the “bowl.” Because the property is situated at a higher elevation than adjacent development, the project will create a substantial new structural element in the subject area. However, the maximum height of the proposed development will appear consistent with the heights of structures in the surrounding area. The project is considered infill development and has been designed in conformance with the Spanish Colonial Revival architectural design style. The building massing has been articulated to step back from the street and to follow the topography of the site. As such, the development will not appear out of character with adjacent structures. Additionally, the project site is distinguishable from other sites and will not be identified as precedential relative to other developments in the Pier Bowl. Each development proposal will be review on a case-by-case basis, with consideration given to the unique characteristics of each site.

The proposed project conforms to the existing pattern of development and will not set a precedent for future development in the subject area. The proposed project will also preserve a public view of the coastline. Therefore, the Commission finds that the project is consistent with the visual resource protection policies of Section 30251 of the Coastal Act. Nonetheless, the project must be denied due to inconsistency with the land use requirements discussed in Section C.

E. Alternatives

Denial of the proposed project will not deny all economically beneficial or productive use of the applicants’ property or unreasonably limit the owners’ reasonable investment-backed expectations of the subject property. The LUP allows the site to be developed with a visitor-serving land use. A variety of uses could be accommodated on site, including, but not limited to, those identified below.

1. Different Use of Site

The site could be developed with a visitor serving land use, consistent with the CRC1 land use designation in the San Clemente certified LUP. The designation allows for a wide variety of uses. Options include *“coastal related retail, restaurants, offices, recreation, overnight accommodations, entertainment and similar uses.”*

2. No Project

No changes to the existing site conditions would result from the “no project” alternative. There are three existing residential units present on the property that could continue. This alternative would not preclude future development of the site in another land use and would not have any adverse effect on the current value of the property.

¹ The photo simulations created for the EIR show the north wing as a 3-story building. The third floor was removed at the local hearing.

F. Local Coastal Program

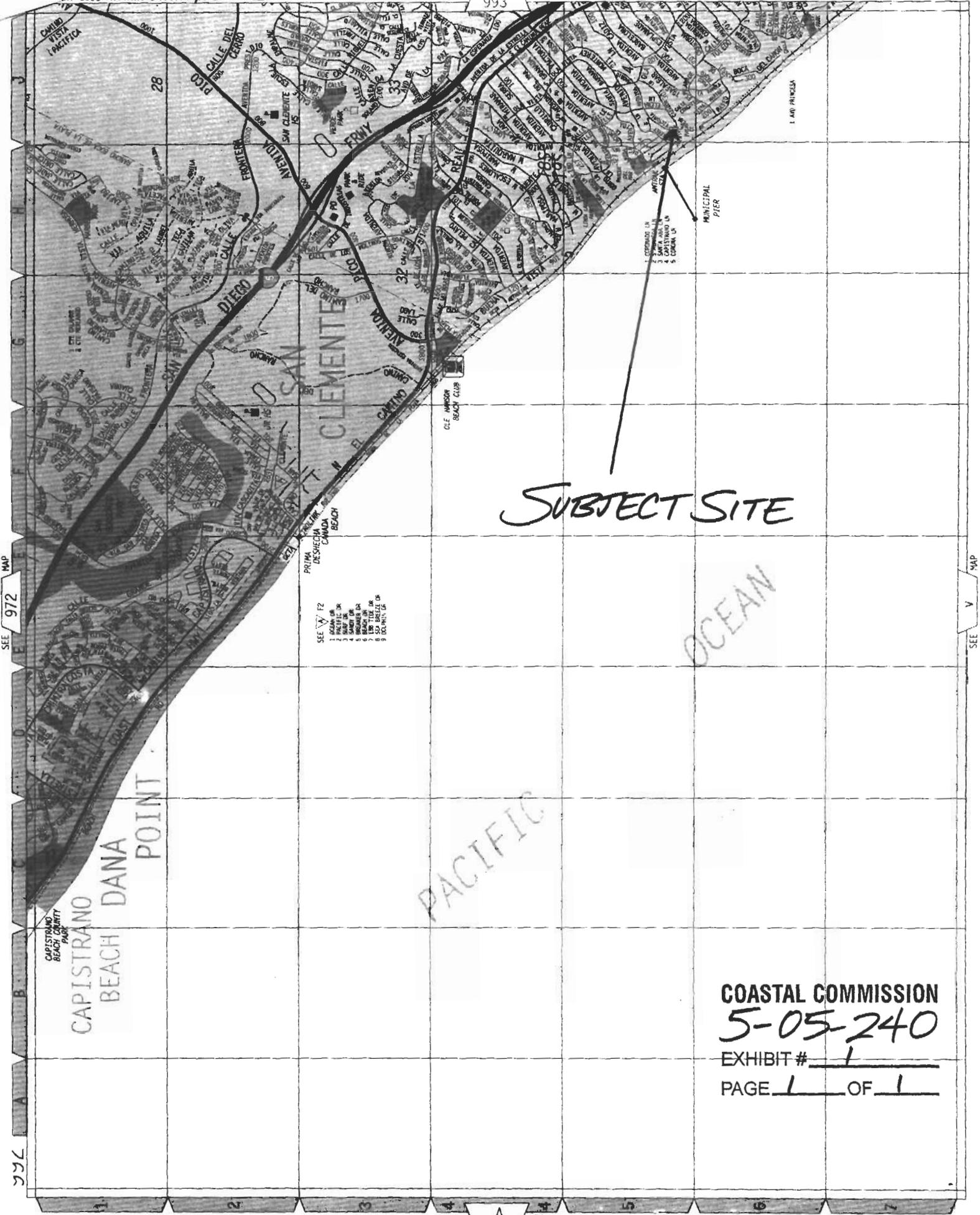
Section 30604(a) of the Coastal Act provides that the Commission shall issue a coastal permit only if the project will not prejudice the ability of the local government having jurisdiction to prepare a Local Coastal Program which conforms with Chapter 3 policies of the Coastal Act. The Commission certified the Land Use Plan for the City of San Clemente on May 11, 1988, and certified an amendment approved in October 1995. On April 10, 1998, the Commission certified with suggested modifications the Implementation Plan portion of the Local Coastal Program. The suggested modifications expired on October 10, 1998. The City re-submitted on June 3, 1999, but withdrew the submittal on October 5, 2000.

The proposed development is inconsistent with the land use designation contained in the certified Land Use Plan. Moreover, as discussed herein, the development is inconsistent with the Chapter 3 policies of the Coastal Act. Therefore, approval of the proposed development would prejudice the City's ability to prepare a Local Coastal Program for San Clemente that is consistent with the Chapter 3 policies of the Coastal Act as required by Section 30604(a).

G. Consistency with the California Environmental Quality Act (CEQA)

Section 13096 of Title 14 of the California Code of Regulations requires Commission approval of Coastal Development Permits to be supported by a finding showing the permit, as conditioned by any conditions of approval, to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available that would substantially lessen any significant adverse effect the activity may have on the environment.

As described above, the proposed project would have adverse environmental impacts. There are feasible alternatives or mitigation measures available, such as a visitor-serving land use alternative or the no project alternative. Therefore, the proposed project is not consistent with CEQA or the requirements of the Coastal Act and its implementing regulations to ensure that approved development is consistent with CEQA, because there are feasible alternatives that would lessen significant adverse impacts the activity would have on the environment. Therefore, the project must be denied.



SUBJECT SITE

OCEAN

PACIFIC

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- 1 PACIFIC PK
 - 2 SAND PK
 - 3 BRADSHAW PK
 - 4 SAND PK
 - 5 SAND PK
 - 6 SAND PK
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 - 8 SAND PK
 - 9 SAND PK

PRIMA DESHECHA CANADA BEACH

CLE WINDSOR BEACH CLUB

MUNICIPAL PIER

COASTAL COMMISSION
 5-05-240
 EXHIBIT # 1
 PAGE 1 OF 1

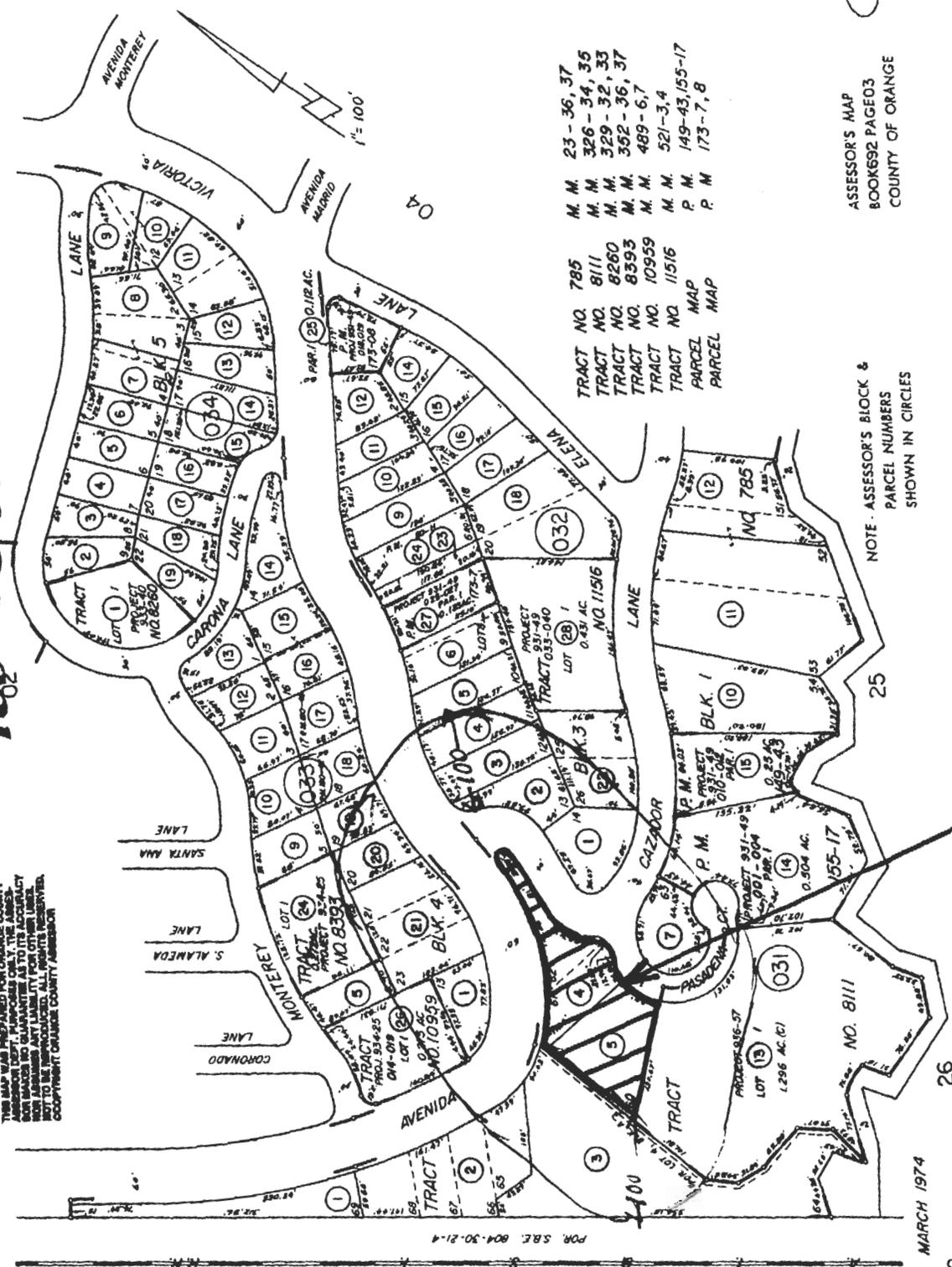
SEE 972 MAP

SEE V MAP

332

404 Pasadena Ct 100' Coastal

THIS MAP WAS PREPARED FOR ORANGE COUNTY
ASSESSOR DEPT. PARCELS LISTED TO ITS ACCURACY
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COURTESY ORANGE COUNTY ASSESSOR



TRACT NO. 785	M. M.	23-36, 37
TRACT NO. 8111	M. M.	326-34, 35
TRACT NO. 8260	M. M.	329-32, 33
TRACT NO. 8393	M. M.	352-36, 37
TRACT NO. 10959	M. M.	489-6, 7
TRACT NO. 11516	M. M.	521-3, 4
PARCEL MAP	P. M.	149-43, 155-17
PARCEL MAP	P. M.	173-7, 8

ASSESSOR'S MAP
BOOK 692 PAGE 03
COUNTY OF ORANGE

NOTE: ASSESSOR'S BLOCK &
PARCEL NUMBERS
SHOWN IN CIRCLES

SITE

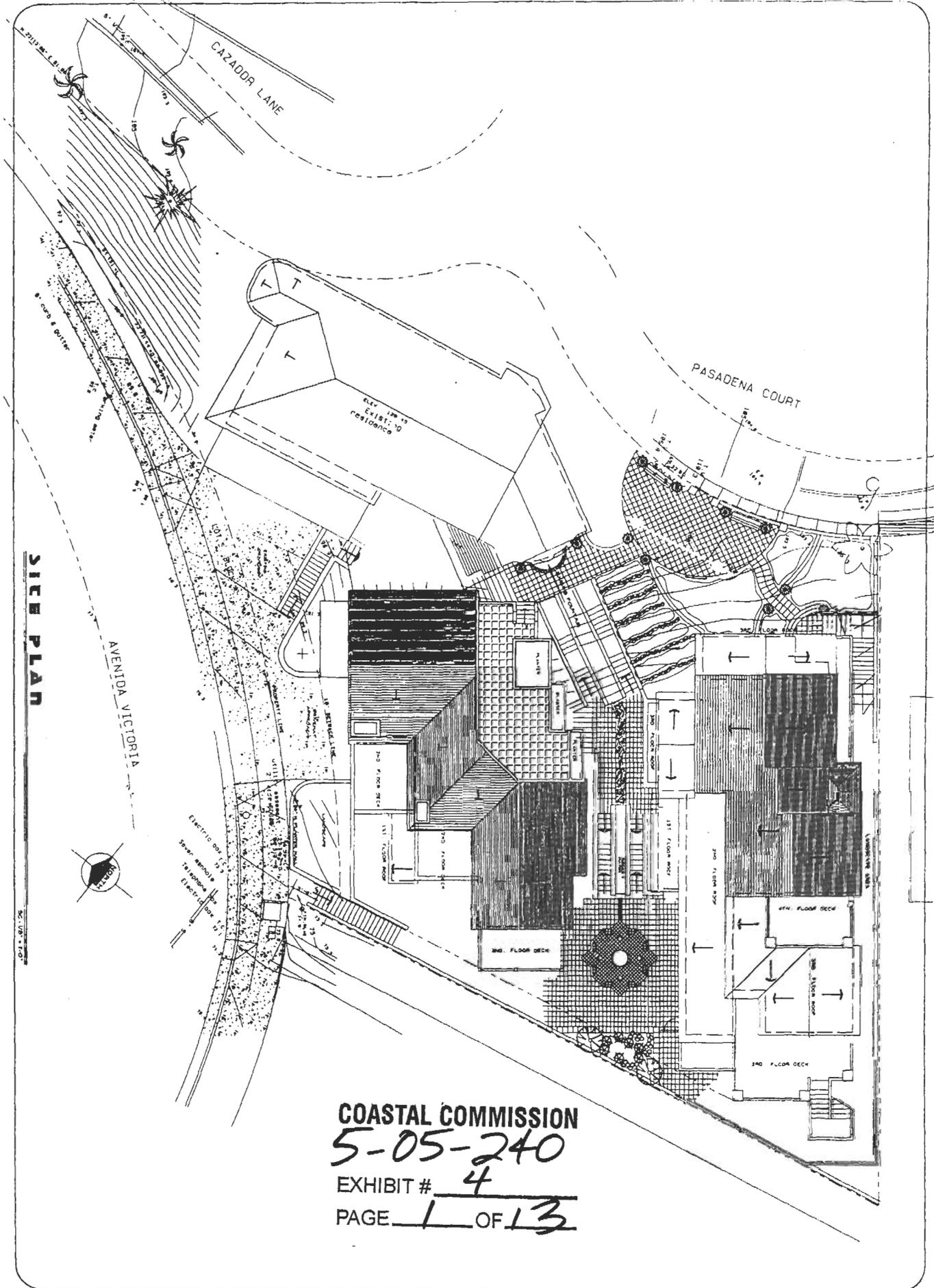
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PAGE 1 OF 1

MARCH 1974
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COASTAL COMMISSION
 5-05-240
 EXHIBIT # 4
 PAGE 1 OF 13

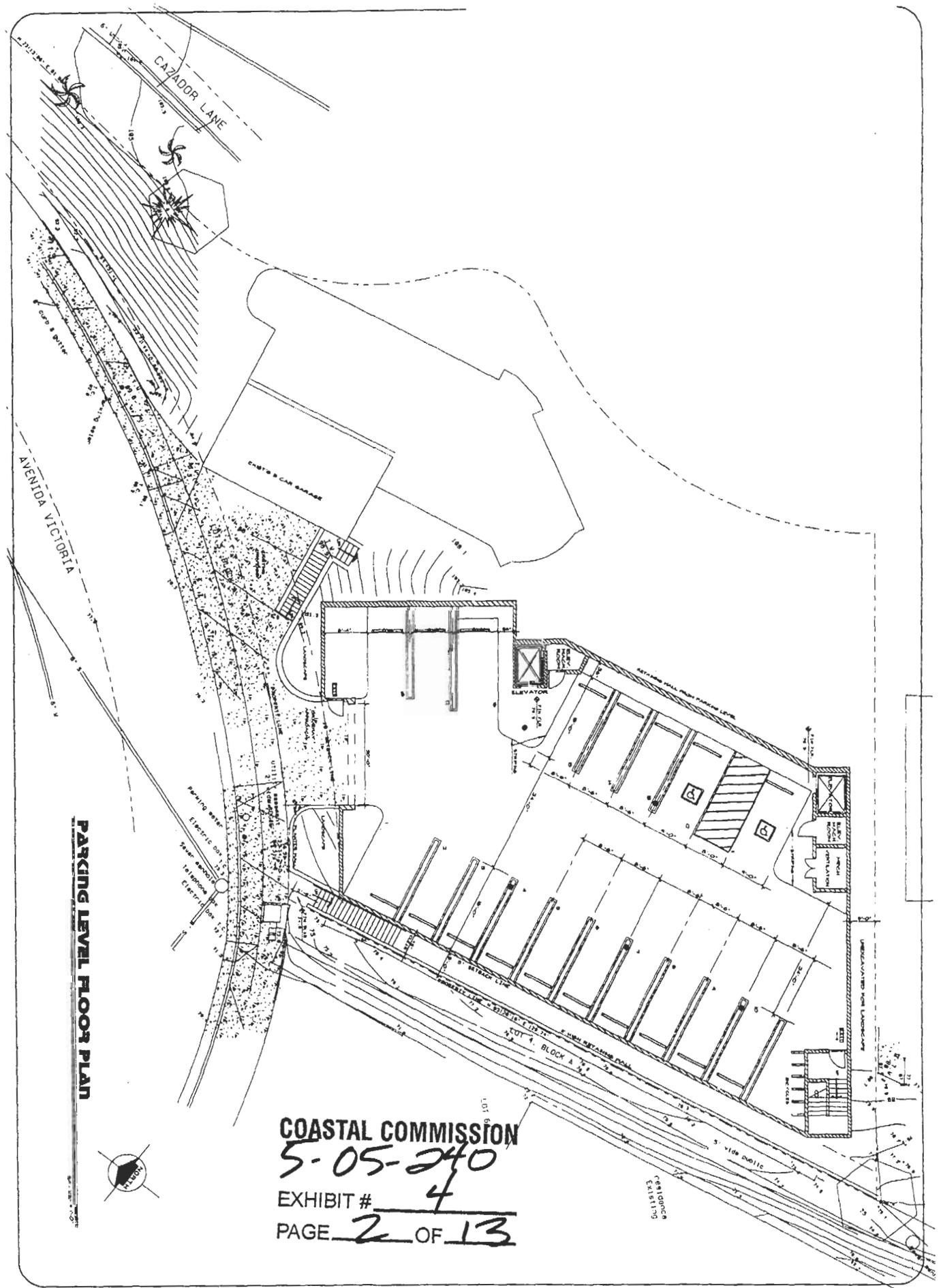
**SEA CLIFF
 CONDOMINIUMS
 ALKAPURI ASSOC.**

ADDRESS 101 PASADENA COURT
 SAN CLEMENTE, CAL.

Artek

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 108 Via Zapata
 San Clemente, CA 92672
 Tel: (949) 361-3520
 Licence: C-13770
 info@artekgroup.com
 www.artekgroup.com

DATE: 11/11/2010	S.P.
SCALE: 1/4" = 10'-0"	
PROJECT: SEA CLIFF CONDOMINIUMS	S.P.
CLIENT: ALKAPURI ASSOCIATION	
DESIGNER: FRANK P. MONTESINOS	S.P.
ARCHITECT: ARTK GROUP	
DATE: 11/11/2010	S.P.
SCALE: 1/4" = 10'-0"	
PROJECT: SEA CLIFF CONDOMINIUMS	S.P.
CLIENT: ALKAPURI ASSOCIATION	
DESIGNER: FRANK P. MONTESINOS	S.P.
ARCHITECT: ARTK GROUP	



PARKING LEVEL FLOOR PLAN

COASTAL COMMISSION
 5-05-240
 EXHIBIT # 4
 PAGE 2 OF 13



DATE: 10/1/83	BY: F. MONTESINOS

**SEA CLIFF
 CONDOMINIUMS
 ALKAPURI ASSOC.**
 ADDRESS: 404 PASADENA COURT
 SAN CLEMENTE, CAL.

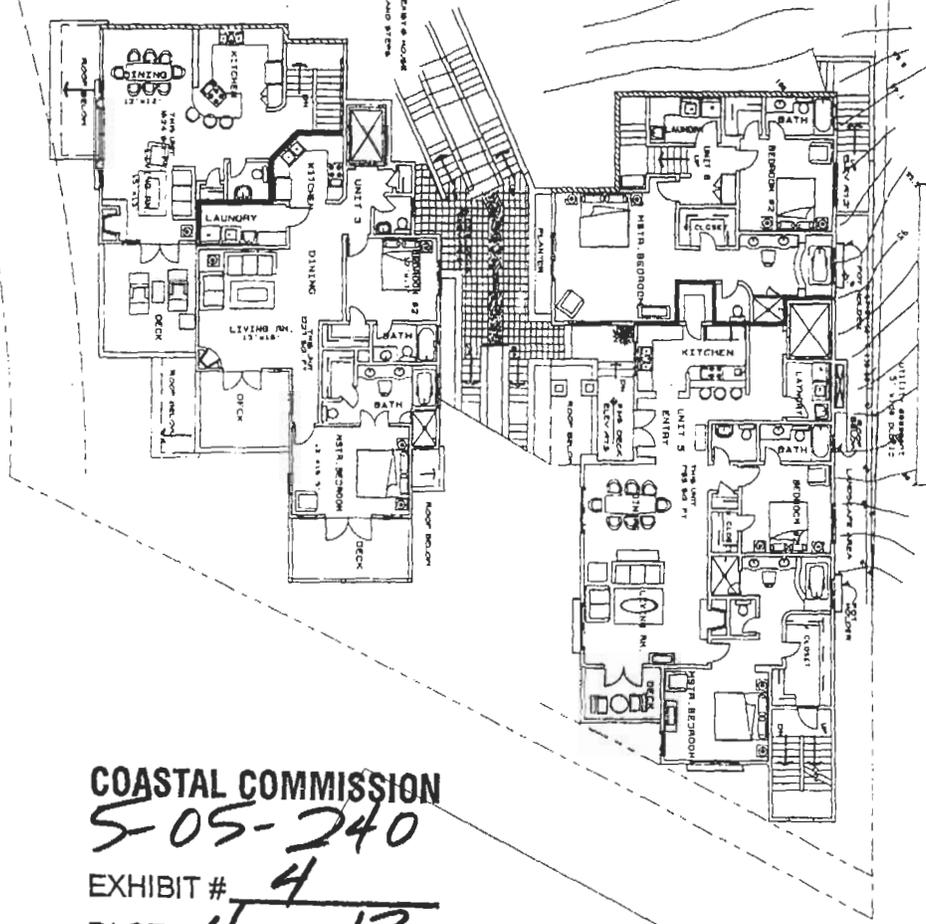
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 san clemente, ca 92672
 licence: c-13710
 info@artekgroup.com

OPERATION DATE: 1/2/84

SECOND LEVEL FLOOR PLAN

SCALE: 1/8" = 1'-0"



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5-05-240
 EXHIBIT # 4
 PAGE 4 OF 13

SEA CLIFF
A-2

DATE	DESCRIPTION

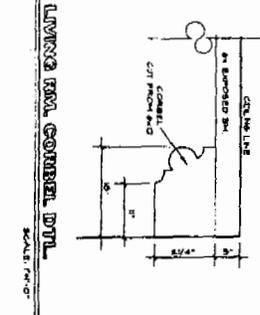
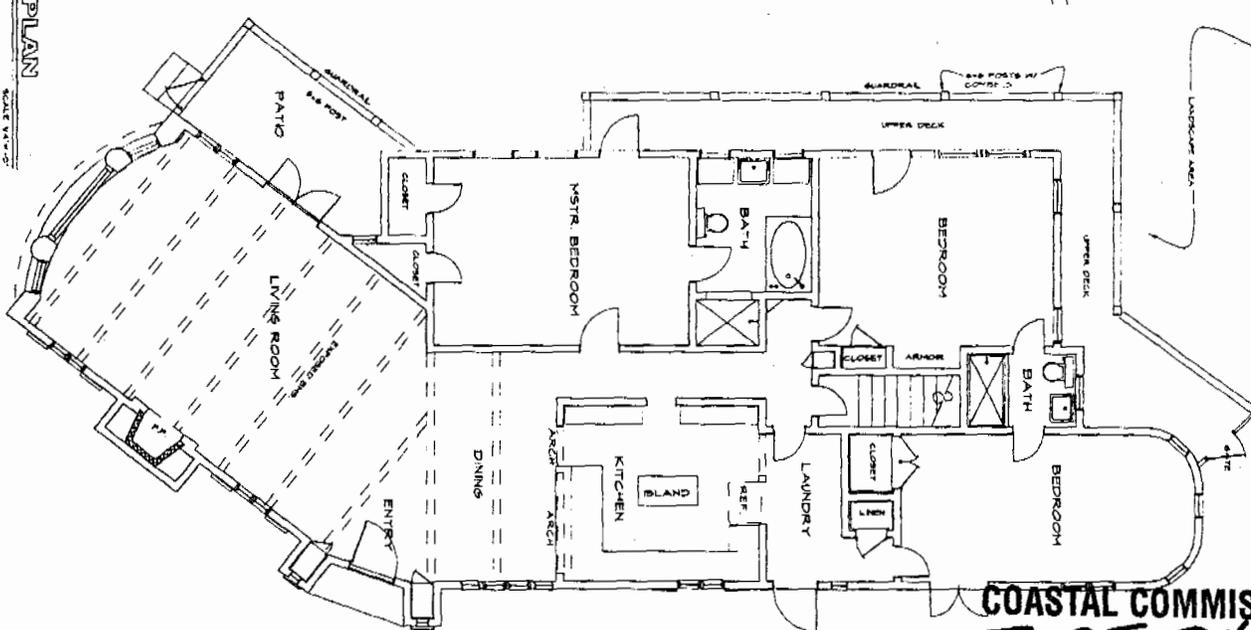
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 ADDRESS 904 PASADENA COURT
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 108 Via Zapala Licence c-13710
 San Clemente, CA 92672 info@artekgroup.com

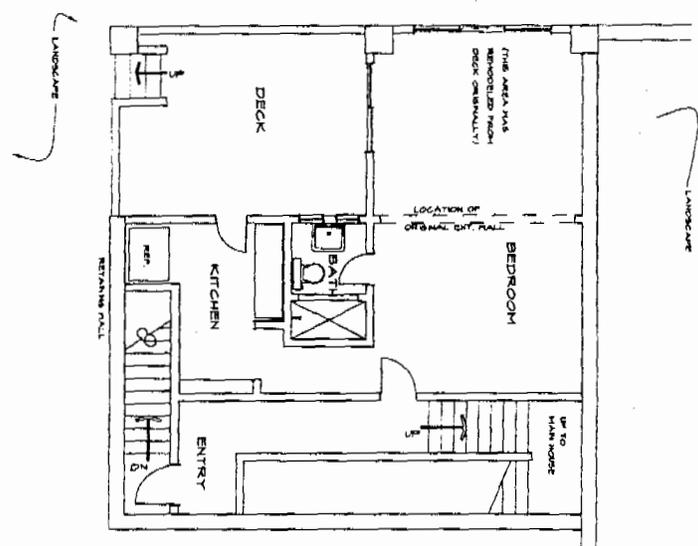
EXPLANATION DATE SCALE

MAIN HOUSE FLOOR PLAN

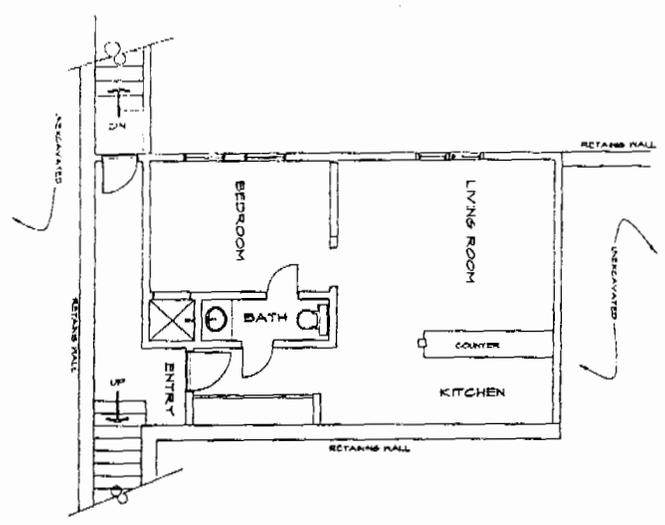


EXISTING HISTORICAL HOUSE FLOOR PLANS

SECOND LEVEL FLOOR PLAN



FIRST LEVEL FLOOR PLAN



COASTAL COMMISSION
5-05-240
EXHIBIT # 4
PAGE 7 OF **13**

SEA CLIFF CONDOMINIUMS ALKAPURI ASSOC.
 ADDRESS: 404 PASADENA COURT
 SAN CLEMENTE, CAL

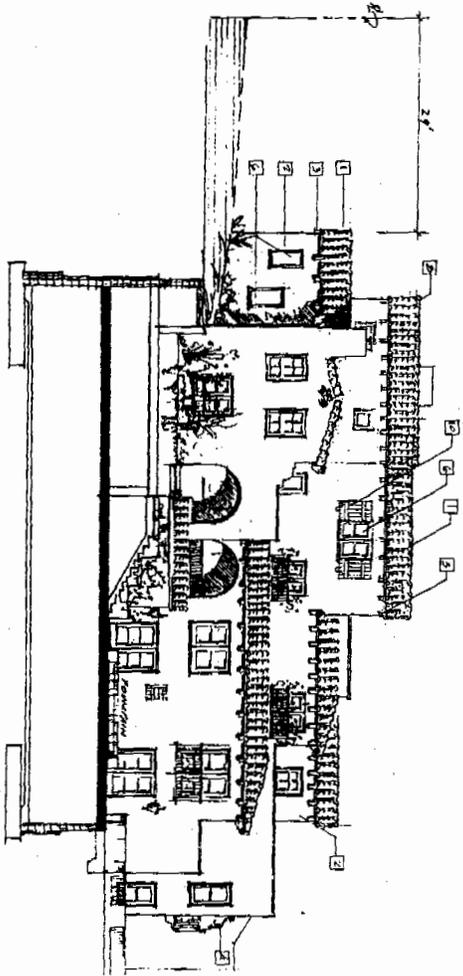
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 92677

FRANK IP. MONTESINOS, A.I.A.
 108 via zapoto licence: c-13710
 san clemente, ca 92672 info@artekgroup.com

DATE: 11/11/08	SCALE: 1/8" = 1'-0"
PROJECT: SEA CLIFF CONDOMINIUMS	
CLIENT: ALKAPURI ASSOCIATES	
ARCHITECT: FRANK IP. MONTESINOS, A.I.A.	
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NO. 2: 11/11/08	
NO. 3: 11/11/08	
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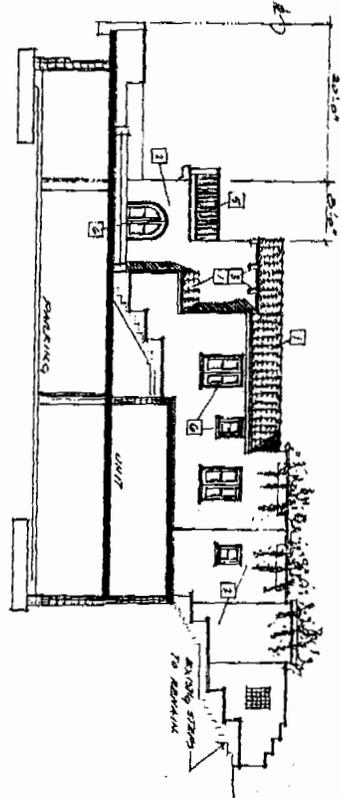
COURTYARD ELEVATION SOUTH

1/8" = 1'-0"



COURTYARD ELEVATION NORTH

1/8" = 1'-0"



COASTAL COMMISSION

5-05-240

EXHIBIT # 4

PAGE 10 OF 13

EXTERIOR BUILDING MATERIALS:

1. 2" HIGH BARRER MASONRY TILE, AS MANUFACTURED BY ACOA, BROOM PRODUCT CO., COMPANY, TIERED REAR CLAY DIPPING TILE, LIGHT MARRI, FINE MATED BY AALIX, FINE TEST CLASS "X" MIN. SLOPE TO THE OUTSIDE, 1/8" THICK, 12" X 12" X 1/2".
2. 1/2" THICK POLYMER IN NOT MARRI, BEE ROOF TILE.
3. 1/2" THICK POLYMER IN NOT MARRI, BEE ROOF TILE, FINISH WITH SLIGHT COCCULATION. BELL HOUND. ALL CORNERS CORNER AS MANUFACTURED BY COVACA, PRODUCT CODE: 140000A, WHITE.
4. 1/2" THICK POLYMER IN NOT MARRI, BEE ROOF TILE, FINISH TO BE OAK OR OTHER, AS APPROVED BY THE ARCHITECT.
5. 1/2" THICK POLYMER IN NOT MARRI, BEE ROOF TILE, FINISH TO BE OAK OR OTHER, AS APPROVED BY THE ARCHITECT.
6. 1/2" THICK POLYMER IN NOT MARRI, BEE ROOF TILE, FINISH TO BE OAK OR OTHER, AS APPROVED BY THE ARCHITECT.
7. 1/2" THICK POLYMER IN NOT MARRI, BEE ROOF TILE, FINISH TO BE OAK OR OTHER, AS APPROVED BY THE ARCHITECT.
8. 1/2" THICK POLYMER IN NOT MARRI, BEE ROOF TILE, FINISH TO BE OAK OR OTHER, AS APPROVED BY THE ARCHITECT.
9. NEW TIBBON STAIN, NOT THINER EXISTING, TO RECEIVE 1/2" NO. 10 PLYERS ON THE EXISTING ELEVATION.
10. WINDOW SILL AND HAND PAINTED AFTER ARCHITECT'S DIRECTION.
11. 1/2" CORNER CUTTERS NOT SHOWN SHOWN IN THE ROOF TILE AS SHOWN ON THE EXISTING ELEVATION.
12. 1/2" CORNER CUTTERS NOT SHOWN SHOWN IN THE ROOF TILE AS SHOWN ON THE EXISTING ELEVATION.
13. 1/2" ROUND PERMANENT CLAY PRESERVE AT ELEVATION.

**SEA CLIFF
CONDOMINIUMS
ALKAPURI ASSOC.**

ADDRESS: 404 PASADENA COURT
SAN CLEMENTE, CAL.

Artek

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San Clemente, CA 92672
Tel: (949) 361-3520
www.artekgroup.com

A-7

DATE	1/20/00
SCALE	1/8" = 1'-0"
DESIGNER	FRANK P. MONTESINOS, AIA
CLIENT	SEA CLIFF CONDOMINIUMS ASSOCIATION
PROJECT	SEA CLIFF CONDOMINIUMS ASSOCIATION
NO.	108

COASTAL LAND USE PLAN CLASSIFICATIONS
TABLE 3-1

Category	Typical Principal Uses	Maximum Density/ Intensity and Height
Residential Low (RL)	Single family residential units.	4.5 units per gross acre (7.0 units per net acre)
Residential Medium Low (RML)	Single family residential units, duplexes, townhouses, apartments	7.0 units per gross acre (10.0 units/net acre)
Residential Medium (RM)	Single family residential, duplexes, townhouses, apartments	15 units per gross acre (24.0 units/net acre)
Residential High (RH)	Single family residential, duplexes, townhouses, apartments	24 units per gross acre (36 units per net acre)
Neighborhood Serving (NC)	Retail commercial, eating and drinking establish- ments, household goods, food sales, drugstores, building materials and supplies, professional offic- es, personal services, recreational commercial, overnight accommodations, cultural facilities, and similar uses.	Floor area ratio: 0.35. Height: NC 1: 1 story NC 2: 2 stories NC 3: 3 stories
Community Serving (CC) ¹	Same uses as NC with possible automobile center at Camino de Estrella or Avenida Pico. Also allow hospital uses on CC2.	Floor area ratio/height CC 1: 0.5/2 stories CC 2: 0.5/3 stories If hospital use, 2.0/4 stories. CC 3: 0.7/3 stories
Tourist/Visitor Serving (CRC 1)	Coastal related retail, restaurants, offices, rec- reation, overnight accommodations, entertainment, and similar uses.	Floor area ratio: 1.0 to maxi- mum of 1.5 with public benefits and additional parking. Height: per existing building height at street elevation.
Tourist/Visitor Serving (CRC 2)	Golf course oriented commercial, overnight, accommodations and ancillary facilities, res- taurants, and similar recreation oriented uses.	Floor area ratio: 1.0 Hotel: 500 hotel rooms or such lesser number as may be per- mitted under the Land Use Ele- ment of the General Plan as amended from time to time. Height: 55 feet, or height of adjacent freeway, which ever is lower.
I 1	Light manufacturing, business park, professional offices, supporting retail, restaurants, financial institutions, and similar uses.	Floor area ratio/height: I 1: 0.35/2 stories
I 3	Heavy manufacturing and related uses.	Floor area ratio: 0.75 Height: 2 stories

¹ Existing light and heavy industrial uses as of the date of adoption of the General Plan, located north of Avenida Pico, along Avenida Navarro, Calle de Industrias and Calle de los Molinos (behind Pico Pavilion) within the CC2 area, shall be considered conforming uses within the CC2 community commercial land use zone.

COASTAL COMMISSION

5-05-24
EXHIBIT # 5

San Clemente Historical Society

Forward with the Dream

Seacliff Condominiums Project

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COASTAL COMMISSION

Arguments against the development:

- 1 Planning Commission deadlocked (rejected) the project on January 5, 2005. Planning Commission has never approved the project.
- 2 Project would have been rejected at February 22, 2005 Council meeting, when Council voted 2-2 to reject it. One Councilmember recused himself (inappropriately?) or vote would have been 3-2 to reject. Staff's recommendation was to reject the project.
- 3 Council finally approved project 3-1 on May 3, 2005, with one Councilmember recusing himself (inappropriately, the Historical Society believes). Some City Councilmembers felt obligated to approve because they feared a lawsuit from the Developer, and have expressed the thought that the (outdated) Pier Bowl Specific Plan probably allows this project, even though a more modern plan probably would not.
- 4 Historic Landmark Preservation Ordinance task force will have its first meeting Sept 1, 2005 and is slated to meet until November 17, 2005. We should wait until Ordinance is in place.
- 5 Outdated Pier Bowl Specific Plan, while perhaps not disallowing a condo development, prefers lodging (visitor serving use) use of the property
- 6 Bulk, size, mass too big for the neighborhood, overwhelms the historic structure
- 7 Bulk, size, mass not allowed if it were a separate parcel next to historic structure
- 8 Unmitigated CEQA issues (Planning Commissioner Don Prime's argument)
- 9 Only 4 units allowed on site, CUP and CHP are discretionary
- 10 CUP not normally approved in conjunction with CHP
- 11 Neighboring Beachcomber Motel will get opportunity to develop similar bulk, size, mass
- 12 Terraced Fountain (gardens) are historically important as structure
- 13 View from the Pier is (secondarily) protected by the Pier Bowl Specific Plan
- 14 City Consultant MIG says the Pier Bowl is perfect, don't touch it

COASTAL COMMISSION
5-05-240
EXHIBIT # 6
PAGE 1 OF 4

- 15 This project eliminates an historic view of the ocean from a public street (Cazador Lane)
- 16 Secretary of Interiors Standards for Preservation not being followed
- 17 Potential damage to the house during construction and to other historic homes in the area.
- 18 Loss of view of historic resource by the public.
- 19 Gardens currently qualify for National Register but would no longer.
- 20 Mansionization is an issue in Pier Bowl
- 21 There buyers ready willing and able to revive this house as a single family home with 2 units.
- 22 Community is against this project. Hundreds of people in our town are against this.
- 23 Public hearing had 30 in favor and only 3 in favor, not because of its merits, but felt sorry for developer.
- 24 Coastal Commission – setbacks, landslide, fire, geo, views of prop., CEQA
- 25 Timeline of process: misled, complicated, owner's delays, no fixes given
- 26 The building construction will threaten the stability of the 5 historic homes on this corner.
- 27 Protected views of the historic property will no longer be as visible from the pier and beach.
- 28 The Environmental Impact Report says this would have an unmitigated negative impact.
- 29 Approval will pave the way for larger development at the Beachcomber site – too massive.
- 30 Pier Bowl needs visitor-serving uses. We don't need more condos.
- 31 The owners say they can't afford to fix the historic home without selling the 7 condos.

COASTAL COMMISSION
5-05-240
EXHIBIT # 6
PAGE 2 OF 4

Anne Blemker

From: Mike Cotter [Mike@MCotter.com]
Sent: Monday, September 19, 2005 5:07 PM
To: ABlemker@coastal.ca.gov
Cc: KSchwing@coastal.ca.gov
Subject: SeaCliffs Ambiguous Zoning

COASTAL COMMISSION
5-05-240
EXHIBIT # 6
PAGE 3 OF 4

To Coastal Commission Staff

Dear Anne Blemker,

Thank you for taking the time Monday afternoon to discuss the SeaCliffs residential condominium project in San Clemente.

A. You mentioned that the Applicant's application is still not quite complete, and that when it does become complete, you will immediately notify us.

B. I reiterated that the San Clemente Coastal Element of the General Plan, which was certified by the Coastal Commission, clearly shows the SeaCliffs property zoned only as "CRC1-p-A" (Tourist/Visitor Serving). Unusual alternate residential zoning may be provided by the City's Pier Bowl Specific Plan, but you stated earlier that the Coastal Commission had never certified the Pier Bowl Specific Plan.

You said that while our point is valid, nevertheless the Applicant and/or City of San Clemente Staff has argued that the Coastal Element indeed allows the alternate residential zoning in the Pier Bowl Specific Plan, by virtue of this single sentence on Page 3-2 of the Coastal Element:

"The Coastal Element utilizes the same land use designations found in the Land Use Element of the City's General Plan."

We submit that this very general and vague single sentence is merely introductory narrative, or perhaps an observation (which may or may not be correct), but certainly does not rise to the necessary level of legal or regulatory compulsion.

Certainly, narration and observation are abundant in other pages of the Coastal Element document (including a general introductory discussion of local Native American tribes) and in this sentence on page 3-1:

"This Element is consistent with the policies as stated in the other seventeen elements of the City of San Clemente General Plan."

Really? On the contrary, we believe that there may be a number of inconsistencies known by the City between the City's General Plan and its various other zoning ordinances. Did the drafters of this second sentence observe a generality as they may have perceived it, or did they intend to actually establish an element of regulation? We suppose the former.

It seems very clear to us that had the drafters of the Coastal Element intended to indeed order or establish that the Coastal Element shall incorporate the alternate zoning of the Pier Bowl Specific Plan, that they would have used more imperative language such as "shall utilize" or "shall be required to

utilize" or other such compulsory language, and not the weaker, vague, observational, and clearly nonimperative "utilizes". Additionally we believe they would have elucidated a clear intent in the main body of the Chapter 3 regulations, not just in a single nonspecific sentence in Chapter 3's "introductory" section.

C. We understand that not all elements of the City of San Clemente's LCP has been approved by the Coastal Commission. We strongly suspect that the Pier Bowl Specific Plan's odd alternate conditional residential zoning for the SeaCliffs property has in fact not been consciously and deliberately approved by the Commission, and never would have been approved, because residential zoning in this area of the Pier Bowl would be practically abhorrent to the Commission, which has always worked diligently to protect, encourage and prioritize visitor-serving uses for this type of coastal recreational area.

At any rate, in order to clear up any ambiguity, would the Staff please explain why there exists a lack of clarity and specificity about which stated land use is operative for SeaCliffs -- that in the more restrictive Coastal Element or that in the less restrictive Pier Bowl Specific Plan? The LCP should make it very clear and unambiguous what is allowed, exactly how much and where. At the least, the Coastal Commission when reviewing and commenting on the LCP should state the preferred land use between the two documents. Clearly the Coastal Element is coastal dependent, preferred, and has the highest congruity with the Coastal Act's stated priorities and policies. Certification of the LCP is supposed to be very precise, giving clear direction to the permitting authority as to what is allowed under the Coastal Act.

Thank you for your consideration.

Mike Cotter
San Clemente
949-322-6009

4/4
EX. 6

COASTAL COMMISSION

5-05-240

EXHIBIT # 7

PAGE 1 OF 2

January 17, 2006

California Coastal Commission
200 OceanGate, 10th Floor
Long Beach, CA 90802-4416

Attn: Anne L. Blemker, Coastal Program Analyst

Subject: Sea Cliff Land Use, response to Mike Cotter email of Sep 19, 2005

Dear Ms. Blemker:

The Coastal Commission has certified the Coastal Element section of the San Clemente General Plan. The Coastal Element is one of many parts of the San Clemente City General Plan, within Chapter One: Community Development, under 3.0 Economic Development, Housing, and Coastal.

In the Coastal Element, the Robison House/Sea Cliffs, combined with the Beachcomber property, has a land use of Tourist/Visitor Serving. (The plan envisioned the two property owners using both the Robison House and Beachcomber together as a tourist/visitor-serving project.) It does not specify what the Robison House/Sea Cliffs use is, if not combined with the Beachcomber property. However, page 3-14 of the Coastal Element, Pier Bowl, states "Coastal recreational uses including retail, restaurant, hotel, bed and breakfast, time share, and residential are allowed."

Page 3-15 of the Coastal Element, V1.6 states "Formulate a Specific Plan incorporating detailed land uses"; this resulted in the Pier Bowl Specific Plan, which specifically states that residential use is an option for the Robison House.

The San Clemente General Plan (and the Pier Bowl Specific Plan) specifically allow for an option for residential use if not combined with the Beachcomber property (see Jim Pechous, San Clemente City Senior Planner comments of January 06, 2006). Page 1-44 of the General Plan, Policy Intent: "In respect to specific Pier Bowl properties, the Plan provides for © redevelopment of the Beachcomber Hotel for overnight accommodations and coastal-oriented retail ...; (d) possible re-use of the adjacent Robison property for coastal-oriented and/or residential uses; ..."

Further, 1.14.17 states "Accommodate on the Beachcomber and Robison properties the development of Coastal-oriented and Community-serving Commercial (including overnight accommodations) mixed residential and commercial, and public recreational uses, excluding those whose function or scale are incompatible with the recreational character of the area and residential at the Beachcomber Hotel site."

Right below 1.14.17, 1.14.18 states "Allow for the option of the development of multi-family residential units on the Robison property."

We agree with Senior City Planner Jim Pechous, City of San Clemente, that "clearly this was always the intent of the LUP to allow for this project to have option to development as visitor serving commercial if it were to be combined with the Beachcomber property or residential if it were to be developed by itself." And, "The Coastal Element utilizes the same land use designations found in the Land Use Element of the City's General Plan".

Very respectfully,

David M. Swerdlin
Swerdlin & Associates
31125 Via Cristal
San Juan Capistrano, CA 92675
(949)493-0526

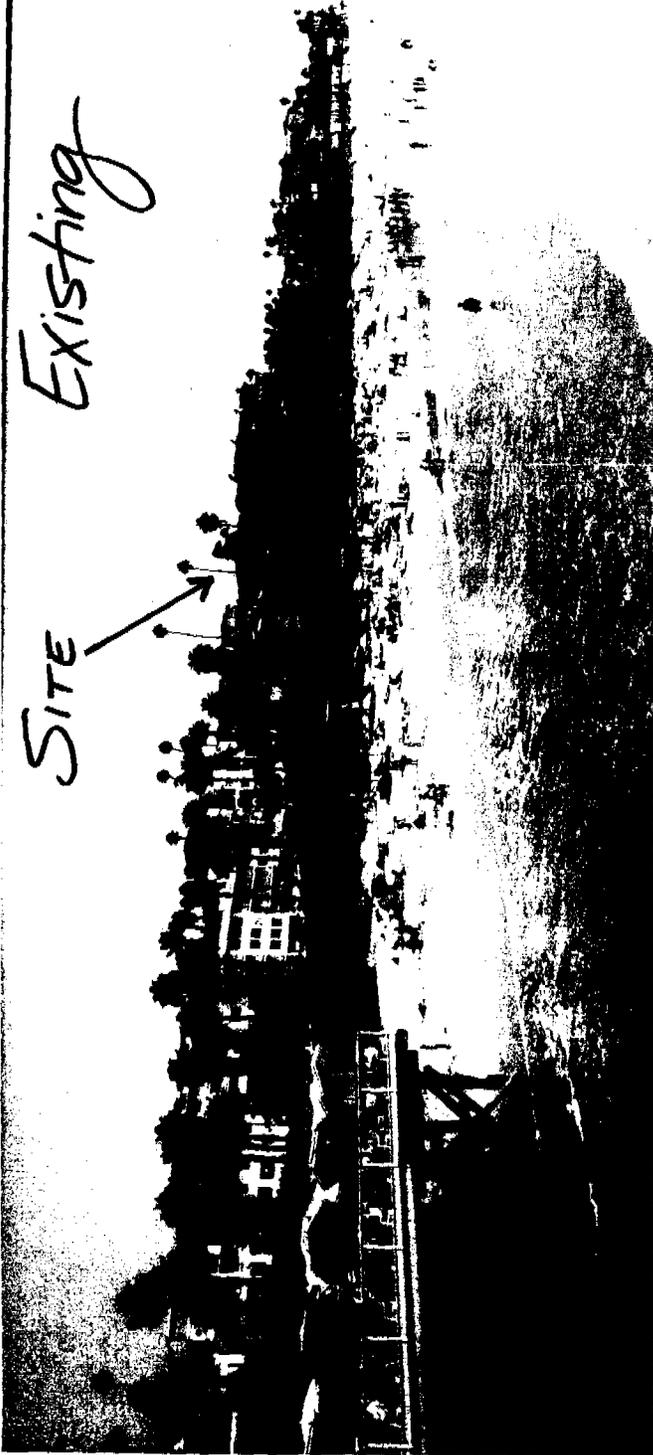
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1 OF 2

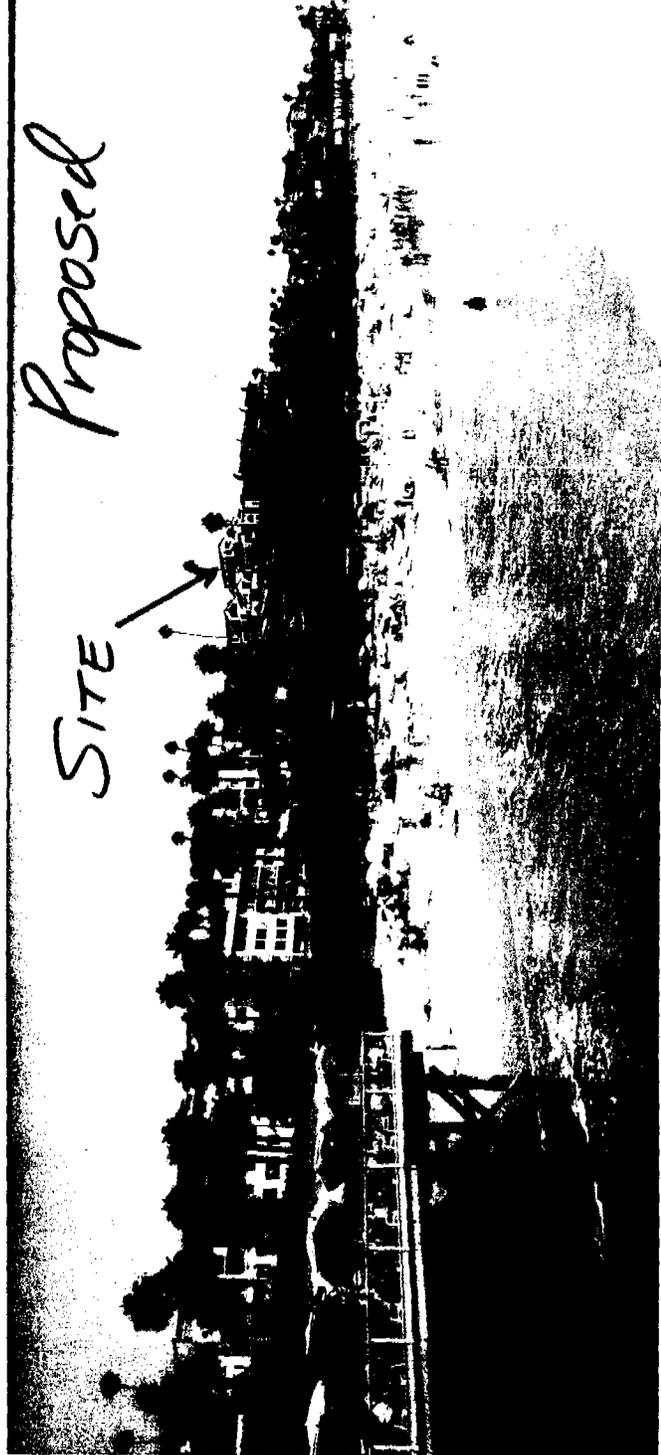
Existing

SITE



Proposed

SITE



San Clemente Pier Bowl



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5-05-240
Exhibit 9

SWERDLIN & ASSOCIATES

"solutions for growth"

David M. Swerdlin
GOVERNMENTAL RELATIONS

COASTAL COMMISSION
5-05-240
EXHIBIT # 10
PAGE 1 OF 13

March 22, 2006

Ms. Anne Blemker
California Coastal Commission
South Coast Area Office
200 Oceangate, Suite 1000
Long Beach, CA 90802-4302

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South Coast Region

APR 13 2006

CALIFORNIA
COASTAL COMMISSION

RE: Application: 5-05-240
402-404 Pasadena Court – San Clemente, CA

Dear Ms. Blemker:

Thank you for meeting with us on February 23, 2006 to discuss the staff report for 402 – 404 Pasadena Court, San Clemente. We appreciate the clarity provided on the issues pertaining to this project.

Staff has requested the following:

1. Current and future rates and occupancy factors for the 39 existing rooms available to the public in the Pier Bowl area.
2. Number of rentals of apartments and condominiums in the Pier Bowl area.
3. Pro forma for a 17 room Bed & Breakfast on the Robison House property, 402 – 404 Pasadena Court in the Pier Bowl area of San Clemente.

Ms. Blemker, in your email of 8 March you also requested a comparative analysis of San Clemente to other coastal cities of comparable size (65,000 in population).

The comparative analysis is as follows:

The 2004 Market Study by the Economic and Planning Systems (EPS) group of Berkeley presented a market analysis of the hospitality market for San Clemente (pop. 65,000). Only a very small portion of the San Clemente tax base is reflected by visitor and coastal recreational uses. San Clemente is at the Southern part of Orange County and borders Camp Pendleton.

San Clemente's Pier Bowl area is the least visitor and coastal recreational oriented of all of the Orange County Beach cities, influenced heavily by 1920's Ole Hanson development vision of residential estates surrounding a pier. Mr. Hanson never

envisioned the development serving other than residents and occasional visitor. Hence, today we have dense residential development in the Pier Bowl area, with the resulting minimal rooms and commercial/retail uses available to the public.

According to EPS, from 1997 to 2003, demand for the 39 rooms was at 60% occupancy, and rose to 68% in 2003 as the economy grew. The current polling shows a 68% to 70 % occupancy rate. With 114 rooms coming on line at Marblehead in 2007/8, there will be a 20% increase in room availability for San Clemente as a whole. For coastal and recreational use, the increase will be much higher because of the proximity of the new hotel to the beach. EPS expects today's occupancy rate to drop when the market drops off its current economic peak.

According to EPS and others in the business, the demand for upscale B&B is extremely limited, as reflected by the occupancy rate of less than 20% for the penthouse of the Casa Tropicana in the Pier Bowl. (The current penthouse rental is \$775.)

Both the Marblehead and North Beach areas are providing additional Coastal and Visitor serving recreational access and opportunities, and in greater numbers of rooms and commercial/retail uses. These two areas are much greater in acreage and opportunities than the two remaining parcels totaling 1.25 acres in the Pier Bowl area.

Available rooms and apartments/condominiums for summer rentals.

The Pier Bowl is but one small part of the coastal properties of San Clemente. The Pier Bowl is a small, highly dense neighborhood of mostly apartments and condominiums, a few small shops and cafes adjacent to or on the pier, and, historic Casa Romantica on the North side of the Pier Bowl. It serves mostly residents and some visitors. There are 39 rooms for rental year around, with 22 to 30 apartments and condos available for summer rentals. In the Pier Bowl area there are two properties suitable for development (if combined) for coastal and visitor serving uses; Sea Cliffs and the Beachcomber Motel (both historic properties as well). Sea Cliffs is 4/10's of an acre, the Beachcomber is about .85 acre.

The Sea Cliffs and the Beachcomber are contiguous to each other, and are owned by different and unrelated property owners. The Certified Coastal Element LUP is CRC1-p-a, coastal and recreational services with a pedestrian and architectural overlay. The map of the Coastal Element shows both the Beachcomber and the Sea Cliffs property as one parcel, though this is incorrect. This is a zoning inconsistency between the Coastal Element LUP and the General Plan/Pier Bowl Specific Plan of San Clemente.

Historically, the City of San Clemente has agreed that the Coastal Element LUP noted above is consistent **if both properties are combined**. Since the 1980's the City of San Clemente General Plan and Pier Bowl Specific Plan has always allowed for a Residential option **if** the two properties are **not** combined (see General Plan Vision statement, page iii, J. Pier Bowl; and, c. Pier Bowl Policy Intent, pages 1-44 & 1-45, et al). This was so stated in the final draft of the Local Coastal Element before the Coastal Commission in

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1996 for certification, though the City of San Clemente never completed the application due to severe shortages of funds available during this period of time.

Visitor demand in this area is reflected by the 39 rooms available for use. Visitor parking is served by a city parking lot on the North side of the Pier Bowl. Parking is extremely tight elsewhere in the Pier Bowl.

The Beachcomber totals 12 of these 39 rooms, and is currently seeking additional rooms with a plan currently before Coastal Commission staff for preview. The owner, Mr. Laidlaw, has stated he has no intentions of combining his property with the owners of the Sea Cliffs properties, when the idea was first broached in 1988. To date, Mr. Laidlaw has not changed his position.

I have investigated the occupancy rate in the San Clemente Pier Bowl for the 39 rooms currently available, and it mirrors the EPS report of 2004 referred to earlier.

The Beachcomber has 12 rooms, about half of which are studios, the others are one bedroom. Overall occupancy rate for the year 2005 is between 67 and 70%. One bedroom room rates for the winter are \$125 to \$165 per day; one bedroom room rates for the summer season (June 15 to Sep 15) range from \$215 to \$275 per night.

The Casa Tropicana Bed & Breakfast has nine rooms. (This was a conversion from an existing building, and could not be financially feasible if it were new construction.) Yearly Occupancy rate is approximately 68 to 70%. The average room rate is \$350 per night. The penthouse, which is one entire floor, rents for \$775 per night, is occupied at a 17% or less rate, rented mostly during the summer peak.

The Sea Horse has ten rooms, five of which rent from \$215 to \$295 per night, again with a 66 to 70% occupancy rate. This project is directly across from the pier.

The Villa Del Mar has the balance of the 8 rooms. The rooms are priced between \$295 and \$425 per night for two bedroom ocean-facing rooms. Occupancy is again between 66 to 70%.

I also investigated the availability of apartment and condominium rentals in the Pier Bowl area.

Del Mar Realty and White Water Realty both said there are some 22 to 30 apartments and condos in the Pier Bowl area that rent during the summer. (In 2003, EPS showed about 22 units for rent.) The rentals are on a very limited basis, because it involves storing of the owners furniture while renting furniture for vacationers. A two bedroom will rent for \$2,000 to \$2,500 per week. Yearly leases are much more prevalent, as they are less trouble over all. The rental season is from July through the first week of September. The market is extremely small for off-season rentals.

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Pro forma for a 17 room Bed & Breakfast.

I have pulled together information on the costs of construction and operation of a 17 room Bed & Breakfast, providing a basic pro forma.

With 4/10 of an acre of steeply sloping property, the restoration of the historic Robison/Sea Cliffs home and gardens, building an underground parking structure for a total of 21 total parking spaces, the maximum number of B & B rooms will be 17 – about 650 square feet each. New construction would total 11,000 square feet, with an additional 3,000 square feet in the restoration of the Robison House. City code requires 2 parking spaces for management, 2 for 2 employees. The cost of the property, restoration, parking garage and 17 bed & breakfast rooms will total somewhere around \$7,750,000 to \$8,200,000 (construction costs are increasing at 1% per month).

Property costs	\$2,300,000	
Restoration of Sea Cliffs	\$1,500,000	
Development/construction	\$4,300,000	(includes six years holding costs)
(At \$350/ft for 11,000 sq. ft.; at \$510/ft for restoration – Fed. stds.)		

Employee costs, maintenance, insurance, advertising, taxes, and other operational costs must be added in for the expected life of the building (calculated at 50 years). For this type of a project to be financially feasible, the room rate would need to be approximately \$800 or greater, depending on taxes, per night at 70 % occupancy to return a 6% profit..

The nearest comparable is the penthouse for the Casa Tropicana which has a 17% occupancy rate at \$775 per night.

All calculations are in 2005 dollars. 2005 is a peak year economically, with peak year demand reflected by occupancy rates of 70%. As the economy peaks and valleys, the occupancy rate will not be better than it is now.

For additional information, please contact David Swerdlin, 949-493-0526.

Respectfully,



David M. Swerdlin
Swerdlin & Associates
31125 Via Cristal
San Juan Capistrano, CA 92675
949-493-0526

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David M. Swerdlin
GOVERNMENTAL RELATIONS

April 11, 2006

Ms. Anne Blemker
California Coastal Commission
South Coast Area Office
200 Oceangate, Suite 1000
Long Beach, CA 90802-4302

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APR 13 2006
CALIFORNIA
COASTAL COMMISSION

RE: Application: 5-05-240
402-404 Pasadena Court – San Clemente, CA

Dear Ms. Blemker:

I very much appreciate the input by District Manager Debora Lee and you regarding this project.

Please note that the Robison House (Application 5-05-240) was designed, built and used as a Single Family Residence in 1928. In 1950 it was converted into a triplex, which is its current entitlement. In 1993, the City of San Clemente zoned the Robison House for visitor serving uses **only** if combined with the separate parcel on which the Beachcomber Motel sits; this rezone occurred with the update of the City General Plan and Pier Bowl Specific Plan.

The Coastal Element was adopted by the City of San Clemente in 1995. However, the zoning maps of the Coastal Element shows both parcels as one parcel on one map, and as two parcels on another map. The zoning is shown as CRC1-p-A, visitor serving uses only. Since the two parcels, Robison and Beachcomber, were never combined, an inconsistency remains that has not been resolved to date.

I found a letter dated February 6, 1997 from Teresa Henry, former District Manager of the Coastal Commission, to Jim Hare, former City Planner, City of San Clemente attached to the City Coastal Element, that you may find useful for your staff report.

In this letter, former District Manager Teresa Henry congratulates the City of San Clemente on the completion of the LUP amendment. Further, the Coastal Commission concurred with the determination that Resolution No. 95-91 is legally adequate in its incorporation of the Commission's modifications into Amendment 1-95 to the City of San Clemente General Plan Land Use Element.

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I agree that the Coastal Element zoning supersedes the City General Plan and the Pier Bowl Specific Plan, since the LCP has yet to be certified. However, this letter clearly shows that the Coastal Commission was also in agreement with the San Clemente General Plan and the Pier Bowl Specific Plan as a part of the Coastal Element. I do believe the Coastal Commission intended to use the General Plan and the Pier Bowl Specific Plan as the Land Use Plan for the Coastal Element.

The San Clemente Pier Bowl Specific Plan and General Plan were certified in 1993. Unfortunately the City of San Clemente shortly thereafter entered into a period of great financial distress and was unable to complete the certification process with the Coastal Commission by its 1998 deadline. Please also note page A-4 of City Resolution 95-91, Section 2, (attached) which states, "Adoption of the Coastal Element LUP will not render the City General Plan internally inconsistent." (A copy of the Resolution is also attached.)

Additional information on references to the City General Plan and Pier Bowl Specific Plan that may also be of use in your staff report is contained in my summary of pertinent points found in the Coastal Element of the City of San Clemente (see attached).

There are a great number of references to both the General Plan and the Pier Bowl Specific Plan in the Coastal Element.

Again, the above can easily lead one to conclude that the Coastal Commission intended to use the current Bowl Specific Plan of 1993 in the City of San Clemente Update and Certification of the Coastal Element in 1995/96. Further, the current Coastal Element has a number of direct references to the General Plan and the Pier Bowl Specific Plan. Page 4-7 of the Coastal Element is just one that directly references the Pier Bowl Specific Plan.

In conclusion, a strong case can be made that the current Pier Bowl Specific Plan and the City General Plan were intended to serve as the Zoning regulations for the Robison House parcel at 402-404 Pasadena Court, San Clemente. That, in and of itself, lends credence to the Robison property for residential use as a zoning option if not combined with the Beachcomber property.

Further, the analysis contained in my report of March 22, 2006 (copy attached) shows that a visitor serving use (i.e. Bed and Breakfast) is not economically feasible with a room rate of \$800 because of the small market demand for high end rooms in the Pier Bowl area (there are no high end restaurants and retails outlets in the Pier Bowl to draw that market).

Finally, the recent approval of Marblehead provides an additional 129 visitor serving suites ranging in price from \$129 to \$179 per night for the San Clemente area, negatively affecting market demand in the Pier Bowl area.

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Coastal Commission staff has stated that this is the only chance the residents of California have to use the Robison property for a visitor serving use such as a Bed & Breakfast. I would hope that it would be noted that if the Robison House were to revert to a Single Family Residence, or to its current Triplex use, it would also not be open to a visitor serving use such as a Bed & Breakfast.

I hope that these attachments and accompanying information and analysis will serve to provide for a positive staff report regarding Application 5-05-240. The restoration of the Robison House and seven additional condominiums with a public viewing area is certainly the most feasible use given all the facts.

Respectfully,



David M. Swerdlin
Swerdlin & Associates
31125 Via Cristal
San Juan Capistrano, CA 92675

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References to the General Plan and Pier Bowl Specific Plan

Please note that the Robison House (Application 5-05-240) was designed and used as a residence from 1928 to 1950, and thereafter as a triplex. San Clemente zoned it for visitor serving uses **only** if combined with the separate parcel on which the Beachcomber Motel sits; this rezone occurred with the 1993 update of the General Plan and Pier Bowl Specific Plan.

The Coastal Element was adopted in 1995. However, the zoning maps of the Coastal Element shows both parcels as one, or two, depending on the map, and zoned as CRC1-p-A, visitor serving uses only, an inconsistency that was not resolved to this date.

Page 1-1: "...the Coastal Element is the primary planning document for reviewing coastal related issues and development in the Coastal Zone." "...establishes the appropriate locations for residential, commercial, recreational, and mixed use development within the Coastal Zone." San Clemente has yet to certify its Local Coastal Program (LCP) for its portion of the Coastal Zone.

Page 1-3; 104. Relationship with other planning documents

General Plan "The policies in the Land Use Element of the General Plan provide the guiding policies for the Coastal Element. The supplemental policies in the Coastal Element are consistent with the policies contained throughout the General Plan. The Coastal Element is the primary planning document for reviewing coastal related issues and guiding development in the coastal zone.

The Local Coastal Program (LCP) is two components: a Land Use Plan, and an implementation plan.

Zoning Ordinance -- "The City's Zoning Ordinance shall include sections which will implement the Coastal Element. The Zoning Ordinance shall provide regulations regarding land use, development review processes, and development standards for the entire city. The portions of the Zoning Ordinance which apply to the Coastal Zone make up the majority of the Implementation Plan component of the City's LCP."

Page 1-4 Pier Bowl Specific Plan. Specific Plan "provides coastal zoning, development standards, design guidelines, landscape requirements, and other design standards which implement the Coastal Element policies for these areas."

105. Process of the Coastal Element Update

The City's Coastal Element was certified on May 11, 1988. The City is now completing the final components of the LCP. (General Plan adopted May 6, 1993.) Draft LUP reviewed and approved by Coastal Commission in 1995, and returned to City for final submission; the City went to hard financial times and never completed the process in the allotted time, ending 1998.

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1-11 Map 2 Coastal Zone Boundary Map shows separate parcels of the Robison House and the Beachcomber Motel.

Page 2-11 City has five designate historic structures that are considered to be especially significant. Hotel San Clemente, Oscar Easley Block Building, Casa Romantica, Ole Hanson Beach Club, and the Casa Pacifica/Western White House. (The Robison House is not considered significant.)

Page 2-31 Refers to the Specific Plan for the Pier Bowl. "Specific Plan shall be included in the City's submittal of the Implementation Plan." See also Page 2-43

Chapter 3 Goals and Policies

301. Overview of Coastal Policies. "This Element is consistent with the policies stated in the other seventeen elements of the City of San Clemente General Plan. The Policies stated in this chapter are directly related to the desired goals and the identified issues with the community, and are intended to achieve San Clemente's vision for the future."

Page 3-1 "The Coastal Element utilizes the same land use designations found in the Land Use Element of the City's General Plan. (see the Coastal Land Use Map, figure 3-1 and Table 3-1)."

Page 3-1 "Policy Intent. Plan policy provides for the preservation of the existing residential neighborhoods in the Coastal Zone."

Page 3-8 Map 2 shows Beachcomber and Robison House combined into one parcel: CRC1-p-A. It is two separate parcels owned separately with no intent to combine.

Goal. I. "Retain and enhance established residential neighborhoods to meet the diverse economic and physical needs of the existing and future residents of the City (GP Objective IV.A,2)."

Page 3-9 II.4 "Designate lands for the development of coastal related commercial, recreational, lodging, and supporting uses on the Coastal Land Use Plan Map, stipulated in Figure 3-1 and establish standards to ensure their compatibility with adjacent residential neighborhoods and commercial districts."

Page 3-13 F. **Special Districts: Policy Intent**

Special Districts include Pier Bowl. "The policy intent for each of these districts is as follows: Plan policy provides for the continuation of the Pier Bowl as a recreational activity area. Coastal recreational uses including retail, restaurant, hotel bed and breakfast, time share, and residential, are allowed."

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Page 3-15 Policy

"Pier Bowl (refer to section 1.14 of the General Plan Land Use Element)"

VI.5 "Accommodate a mixture of residential, recreational and commercial land uses with the Pier Bowl by establishing land use as ...CRC1-p-A" (see Table 3-1)".

VI.6 "Formulate a Specific Plan incorporating detailed land uses, design, and public improvement requirements to ensure consistent development of the Pier Bowl area (GP Policy 1.14.1)."

Page 3-37 City X.5 **"The City is limited in its ability to implement the policies for recreation and visitor serving facilities in that the present street and parking system is inadequate and presently lacks the funds to upgrade and maintain them."**

Page 3-38 X.7 "Existing recreation and visitor serving uses, including public parking facilities, in the Pier Bowl ... shall be protected."

Chapter 4 Implementation Measures C. Design Guidelines (page 4-3)

"Pertinent design **guidelines** to address coastal focal areas are **incorporated into this Plan, the Pier Bowl Specific Plan**, and will be included in the Pico Corridor Specific Plan."

Page 4-7 404 Recreational and Visitor Serving Facilities

A. Specific Plans "...; a **Specific Plan for the Pier Bowl has been adopted** and the City is in the process of preparing a Specific Plan for the Pico/North Beach area."

B. Development Agreements (preferred)

"Beachcomber-Robison and Alameda properties in the Pier Bowl;" page 4-8

Please see attached letter from the Coastal Commission dated February 6, 1997 to Jim Hare, City Planner, City of San Clemente, from Teresa Henry, District Manager of the Coastal Commission, South Coast Area, Long Beach CA.

First paragraph states "that the Coastal Commission at its March 12-15, 1996 hearing concurred in the Executive Director's determination that the City's Resolution No. 95-91 adopting Land Use Plan Amendment 1-95 is legally adequate."

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Page A-4 of Resolution No. 95-91, Section 2. "Adoption of the Coastal Element Land Use Plan will not render the City General Plan internally inconsistent." ((Passed and Adopted this 20th day of December 1995, signed by Joe Anderson, Mayor of the City of San Clemente.)

Prepared by Swerdlin & Associates, 31125 Via Cristal, San Juan Capistrano, CA 92675

Ex. 10
11/13

SWERDLIN & ASSOCIATES

"solutions for growth"

David M. Swerdlin
GOVERNMENTAL RELATIONS

April 19, 2006

Anne Blemker
California Coastal Commission
200 OceanGate, 10th Floor
Long Beach, CA 90802-4416

Ref: Application 5-05-240
402-404 Pasadena Ct, San Clemente

Dear Ms. Blemker:

It was a pleasure talking with you last week. Per your request, I am providing additional information for the Pro-Forma noted in my letter of March 22, 2006.

Property Costs	\$2,300,000 (year 2000)
Restoration of Robison House	\$1,500,000 (to Federal standards)
Development and Construction	\$4,300,000 (including loan costs for property @ 7% for six years)
Cost of Construction Loan	\$812,000 (2 year loan for \$5,300,000 @ 7%/year)
Depreciation	\$396,000 (\$9,900,000 total costs divided by 25 years)
Taxes, estimated	\$120,000 per year
Costs to Operate	45% of gross (two shifts, maids, management, cooks, general maintenance, advertising, insurance, etc)
Financing	\$693,000 per year (7% loan for 25 years - \$9,900,000)
Profit	\$237,600 per year (6% return on investment of \$9,900,000)

Assuming 96% occupancy for the summer peak rental period (June 15 to September 15), and a 40% occupancy rate for the remaining nine months, the average occupancy rate will be approximately 65% average for the year.

Interest, taxes, depreciation, plus profit of 6% ROI equals \$1,446,000 per year. This is 55% of the gross that needs to be achieved. 45% of the gross is for Costs to Operate. The Gross Income needs to be \$2,629,091 per year.

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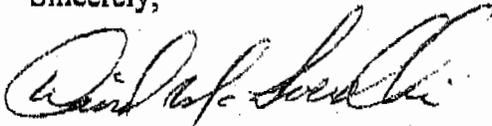
17 rooms need to generate \$2,629,091 per year to return 6% Return on Investment. On a monthly basis, each room needs to generate \$12,888 per month. Based on a 30 day month, the room has to generate \$429.59 per day, based on 65% occupancy (a very high average rate over yearly business cycles).

The average room rate would have to be \$660 per day. This average room rate is higher than the Ritz Carlton, Montage, and other fine upscale hotels at nearby beach areas. These high-end hotels have fine dining, shopping, spas, and golf. The Robison House can offer none of these amenities.

The average room rate for the Pier Bowl area is \$268 per night for 38 of the 39 rooms, using the same method of calculations; the single penthouse rents for \$775 per night, but at an estimated 17% occupancy rate.

Ms. Blemker, seventeen rooms at \$660 per night is outside the market demand for the Pier Bowl area. There are no fine dining, spas, golf, and retail to attract this level of clientele. They will book at the Ritz Carlton, Montage, etc. In conclusion, a Bed and Breakfast is not financially feasible.

Sincerely,



David Swerdlin
Swerdlin & Associates

EX. 10
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VI. HOSPITALITY MARKET ASSESSMENT

Continued concerns over precarious economic and global security conditions have delayed recovery from the recent national and local hospitality industry downturn. Despite this macro trend, Orange County's coastal resorts have fared well during the past few years, particularly in comparison to inland hotels located in North County. The success of the luxury resorts located in Dana Point during this industry down period signifies the market potential for similar development in San Clemente, although new hotel construction of any kind would be a long-term development option.

REGIONAL HOTEL TRENDS

The Orange County hospitality industry is slowly recovering from an industry-wide downturn brought on by the economic recession and exacerbated by global security concerns. Still sensitive to market tumbles and terror alert warnings (as some companies have recently instated no-fly policies during high-terror warning levels), the Orange County hospitality industry is not expected to make a full recovery until 2005.⁵

In spite of current industry challenges, the Orange County hospitality market has its safe and coastal location in its favor. Air passengers have preferred to use Orange County's "second-tier" airports, including John Wayne, Burbank, Ontario, and Long Beach Airports, instead of the more high-profile Los Angeles International Airport for travel to and from the region. And according to FBI crime statistics, several of Orange County cities, such as Anaheim and Irvine, rank high on its list of safe cities.⁶ Hoteliers and industry analysts are optimistic that projected business conditions and employment growth will revive dormant business travel and convention plans.

Signs of such revival are starting to show in Orange County. The Anaheim/Orange County Visitor & Convention Bureau started 2004 with almost 300 meetings and conventions already in the works, compared to just over 600 for all of 2003.⁷ According to PKF Consulting, the average occupancy rate for Orange County hotels is expected to reach around 68 percent in 2004, up three percent from the year before. Still, Orange County hotels tend to serve more "value-conscious" travelers (especially families) than its surrounding areas, and hotel price points are generally lower as a result. Orange County room rates are expected to average around \$99, compared to \$113 in Los Angeles, and \$137 in San Diego.⁸

⁵ "Meeting Bookers Optimistic 2004 Will Mark Rebound Despite Potential Hurdles," Cain, Sandi, January 2004, Hotel Online

⁶ *ibid*

⁷ *ibid*

⁸ *ibid*

Orange County's coastal cities have distinguished themselves within the Southern California hospitality industry with their recent development of luxury resorts, which capitalize on oceanfront views and amenities. The resorts offer high-end luxury amenities such as health spa and salon services, extensive recreational amenities (such as the golf course that is part of the St. Regis), limousine services, and business services (see **Table 24**). Rates start at a minimum of nearly \$200 a night and can run as high as nearly \$1,500 nightly for special rooms during the peak-season. Occupancy at these coastal resorts has markedly outperformed the countywide average. In the summer of 2003 when the countywide occupancy rate was at 66 percent, the St. Regis Monarch Beach Resort in Dana Point estimated occupancy at 85 percent. Coastal resorts also had an average daily rate of \$135 in 2003, compared to \$75 in North Orange County. Such higher end Orange County hotels exceeded the countywide average occupancy rate by approximately seven percentage points – a large disparity in the highly sensitive hotel industry.⁹

SAN CLEMENTE HOTEL MARKET

San Clemente currently serves a particular niche market within the Orange County hospitality market. The City's beach and surf conditions are world-renowned and attract many visitors to stay for extended vacations. According to local lodging experts, visitors—particularly families and retirees—often come from Arizona and as far as the East Coast to enjoy the serenity of beach life for extended periods of time.

The City has around 731 total dedicated hotel rooms and suites, located in seven national brand motels and around 14 independent specialty lodging places (see **Table 25**). The national brand motels offer standard limited-service room and property amenities, such as swimming pools and continental breakfast, as well as services and amenities geared towards the extended-stay guest, such as laundry and kitchen facilities. Rates range from around \$60 to \$200 per night, with some hotel properties reporting seasonal price differentials as high as 86 percent. The specialty lodging places are often thematically decorated to provide for a memorable and unique lodging experience. Rates at the specialty lodging places range widely from a low of \$55 at the Riviera Motel to \$425 for a weekend night stay at one of the nine rooms at the Casa Tropicana.

According to Smith Travel Research, performance at San Clemente lodging places was flat for several years before finally improving in 2003. **Table 26** shows that occupancy rates among the City's hotels hovered at or below 60 percent from 1998 through 2002 before finally rising to 68 percent in 2003. Average daily room rates also remained relatively flat after 1998, peaking at \$85 per night in 2001 before falling back to \$79 per night in 2003.

⁹ "Orange County California Hotel Building Remains Sluggish; Bright Spot: the Burgeoning Resort Market along OC's Pacific Coast," July 2003, Cain, Sandi, Hotel Online

Table 24

Selected Coastside Accommodations in Dana Point and Capistrano Beach
San Clemente Downtown Strategic Plan

Property	Address	Type	Rooms	Rates (1)	Amenities
Blue Lantern Inn	34343 Street of the Blue Lantern, Dana Point	Bed & Breakfast	29	\$175-500 nightly	Full breakfast Evening reception In-room fireplace, spas, decks Library Bicycles Fitness center Meeting rooms (2)
Doubltree Guest Suites Doheny Beach	34402 Pacific Coast Highway, Dana Point	Full-service	195	\$129-429 (peak-season nightly) \$129-329 (off-season nightly)	Laundry/Valet service Gift Shop Lounge Room service Business services Restaurant and lounge Swimming pool Swimming pool Breakfast bar Meeting space (7,000 SF) Business services Swimming pool and spa Fitness center Health spa/club Meeting space (48,000 SF)
Holiday Inn Express Hotel & Suites	34280 South Coast Highway, Dana Point	Limited-service	86	\$109-133 (peak-season nightly) \$95-120 (off-season nightly)	Room service Laundry services Child care services Gift shop Restaurant and lounge Room service Laundry services Limousine services Business services Butler services Fitness center Health spa/club Swimming pool Golf course Tennis courts Meeting space (30,000 SF) Outdoor space (60,000 SF)
Laguna Cliffs Marriott Resort and Spa	25135 Park Lantern, Dana Point	Full-service/ Resort	334	\$199-298 (peak-season nightly) \$169-298 (off-season nightly)	Room service Laundry services Limousine services Business services Butler services Fitness center Health spa/club Swimming pool Golf course Tennis courts Meeting space (30,000 SF) Outdoor space (60,000 SF)
The St. Regis Monarch Beach Resort and Spa	One Monarch Beach Resort, Dana Point	Full-service/ Resort	400	\$490-1215 (peak-season nightly) \$329-1175 (off-season nightly)	Room service Laundry services Business services Limousine and shuttle services Beauty salon Complimentary breakfast Kitchens Swimming pool and spa Fitness center Private balconies Spa and sauna Continental breakfast Meeting space (approx. 1,500 SF)
The Ritz-Carlton Laguna Niguel	One Ritz-Carlton Drive, Dana Point	Full-service/ Resort	393	\$395-1,450 (peak-season nightly) \$235-1,150 (off-season nightly)	Room service Laundry services Business services Limousine and shuttle services Beauty salon Complimentary breakfast Kitchens Swimming pool and spa Fitness center Private balconies Spa and sauna Continental breakfast Meeting space (approx. 1,500 SF)
Dana Marina Inn	34111 Pacific Coast Highway, Dana Point	Motel	65	\$60 nightly	Room service Laundry services Business services Limousine and shuttle services Beauty salon Complimentary breakfast Kitchens Swimming pool and spa Fitness center Private balconies Spa and sauna Continental breakfast Meeting space (approx. 1,500 SF)
Dana Point Harbor Marina Inn	24800 Dana Point Harbor Point, Dana Point	Motel	136	\$135-185 (peak-season nightly) \$115-165 (off-season nightly)	Room service Laundry services Business services Limousine and shuttle services Beauty salon Complimentary breakfast Kitchens Swimming pool and spa Fitness center Private balconies Spa and sauna Continental breakfast Meeting space (approx. 1,500 SF)
Best Western Dana Point Inn by the Sea	34744 Coast Highway, Dana Point	Motel	29	\$109-139 (peak-season nightly) \$99-139 (off-season nightly)	Room service Laundry services Business services Limousine and shuttle services Beauty salon Complimentary breakfast Kitchens Swimming pool and spa Fitness center Private balconies Spa and sauna Continental breakfast Meeting space (approx. 1,500 SF)
Capistrano Surfside Inn	34680 Pacific Coast Highway, Capistrano Beach	Resort/Condos	37	\$169-239 (off-season nightly) \$1,079-1,339 (peak-season weekly) \$809-989 (off-season weekly)	Room service Laundry services Business services Limousine and shuttle services Beauty salon Complimentary breakfast Kitchens Swimming pool and spa Fitness center Private balconies Spa and sauna Continental breakfast Meeting space (approx. 1,500 SF)
Capistrano Beach Resort, All Suites Hotel	34734 Pacific Coast Highway, Capistrano Beach	Resort/Suites	30	\$199-299 (peak-season nightly) \$79-229 (off-season nightly)	Room service Laundry services Business services Limousine and shuttle services Beauty salon Complimentary breakfast Kitchens Swimming pool and spa Fitness center Private balconies Spa and sauna Continental breakfast Meeting space (approx. 1,500 SF)

(1) Rates checked for mid-week stays in April 2004 and July 2004.

Sources: Dana Point Chamber of Commerce, respective property websites and agents, and Economic & Planning Systems, Inc.

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Table 25
Selected San Clemente Lodging Accommodations
San Clemente Downtown Strategic Plan

Property	Address	Type	Rooms	Rates (1)	Amenities
National Brand Motels					
				\$79-109 (off-season nightly) \$500-650 (off-season weekly) \$1500-2000 (off-season monthly) \$104-175 (peak-season nightly) \$700-900 (peak-season weekly)	Private balconies Swimming pool and spa Fitness center Continental breakfast Meeting space (1,200 SF) Laundry facilities
Best Western Casablanca Inn	1601 N. El Camino Real	Motel	51 Rooms & Suites		Kitchenettes in some rooms Continental breakfast Free health club passes
Days Inn	1301 N. El Camino Real	Motel	43 Rooms	\$62-80 (off-season nightly) \$80-89 (peak-season nightly)	Restaurant Room service Meeting space (2,750 SF) Swimming pool and spa Fitness center
Holiday Inn San Clemente	111 Avenida de la Estrella	Motel	72 Rooms & Suites	\$139-179 (off-season nightly) \$159-199 (peak-season nightly)	Kitchenettes Meeting space (1,000 SF) Fitness center Swimming pool and spa Balconies Limited business services Continental breakfast Nightly evening reception Laundry services
Quality Suites	2481 S. El Camino Real	Motel	70 Suites	\$132 (off-season nightly) \$146 (peak-season nightly)	Kitchenettes Fitness center Swimming pool and spa Balconies
Comfort Suites	3701 S. El Camino Real	Motel	60 Suites	\$72-122 (off-season nightly) \$82-132 (peak-season nightly)	Limited business services Continental breakfast Swimming pool
Country Plaza Inn	35 Via Pico Plaza	Motel	86 Rooms 14 Suites	\$76-127 (off-season nightly) \$84-160 (peak-season nightly)	Continental breakfast Meeting space (2,400 SF) Restaurant and lounge Balconies
Travelodge	2441 S. El Camino Real	Motel	23 Rooms	\$62-104 (off-season nightly) \$66-123 (peak-season nightly)	Kitchenettes Limited Jacuzzi suites
TOTAL NATIONAL BRAND MOTEL ROOMS/SUITES			419 Rooms/Suites		
Specialty Lodging					
				\$100-175 (off-season nightly) \$650-800 (off-season weekly) \$125-325 (peak-season nightly) \$800-1,750 (peak-season weekly)	Housekeeping, as needed Kitchenettes BBQ and picnic area
Beachcomber Motel	533 Avenida Victoria	Motel	10 Studios 2 One-bedroom		Jacuzzi Laundry facilities Business services
Budget Lodge	2002 S. El Camino Real	Motel	31 Rooms & Suites	\$50-85 (off-season nightly) \$65-1-5 (peak-season nightly)	Thematic décor Kitchenettes and full kitchens In-room Jacuzzis
Casa Tropicana	610 Avenida Victoria	Bed & Breakfast	9 Themed rooms	\$140-350 (weekday nightly) \$180-425 (weekend nightly)	Kitchens and kitchenettes Swimming pool and spas Tennis courts Lounge Recreational facilities Fitness center BBQ area
San Clemente Inn	2600 Avenida del Presidente	Resort	97 units (studios and one-bedrooms)	\$130-\$180 nightly	Laundry facilities Banquet and meeting space Continental breakfast Laundry facilities Spa Balconies Full kitchens Fireplaces
San Clemente Cove Resorts	104 S. Alameda Lane	Resort/ Vacation Rental	34 one-bedroom condos 1 studio unit	\$80-150 nightly	Kitchens and kitchenettes Private balconies Beach paraphernalia for use Business services Laundry facilities
Sea Horse Resort	602 Avenida Victoria	Boutique	4 Rooms 6 Suites	\$189-425 (nightly) \$1,250-2,695 (weekly) Holiday rates may be higher	Laundry facilities
Villa Del Mar Inn	612 Avenida Victoria	Boutique	8 Rooms	\$1,904-\$2,695 (peak-season weekly)	N/A
Four Seasons Pacifica	328 Encino Lane	Boutique	5 Suites	\$250-\$300 (peak-season nightly)	N/A
Riviera Adult Motel	2723 S. El Camino Real	Motel	22 Rooms	\$55-125 nightly	Thematic décor
Carmelo Motel	3619 S. El Camino Real	Motel	12 Rooms	N/A	N/A
El Rancho Motel	2341 S. El Camino Real	Motel	16 Rooms	N/A	N/A
La Vista Inn Motel	2435 S. El Camino Real	Motel	10 Rooms	N/A	N/A
Motel San Clemente	1819 S. El Camino Real	Motel	16 Rooms	N/A	N/A
San Clemente Motor Lodge	2222 S. El Camino Real	Motel	15 Rooms	N/A	N/A
San Clemente Trade Winds Motel	2001 S. El Camino Real	Motel	12 Rooms	N/A	N/A
TOTAL SPECIALTY LODGING ROOMS			312 ROOMS/SUITES		

(1) Rates checked for mid-week stays in April 2004 and July 2004.

Sources: San Clemente Chamber of Commerce, respective property websites, and Economic & Planning Systems, Inc.

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Table 26
Performance Indicators for San Clemente Lodging Accommodations
San Clemente Downtown Strategic Plan

	1998	1999	2000	2001	2002	2003	Average 1998-2002	Average 1998-2003
Occupancy (%)	58.2%	59.6%	62.7%	58.6%	58.5%	68.3%	59.5%	61.0%
Average Daily Room Rate (\$)	\$67	\$75	\$80	\$85	\$82	\$79	\$78	\$78

Sources: Smith Travel Research and Economic & Planning Systems, Inc.

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Like most beach towns, San Clemente has a high season for hotel business. The summer months of July and August posted the highest occupancy rates, averaging about 75 percent over the six-year term. In December, occupancy is below 50 percent. Average daily room rates follow this seasonality, peaking this past year at around \$87 per night in the summer and falling to \$73 in December.

LOCAL DEMAND AND SUPPLY TRENDS

During the past six years, the supply of hotel rooms in San Clemente has not increased. The modest occupancy rates and room rates surely have deterred investors from developing new hotels in San Clemente. However, now that demand indicators appear more positive, a new hotel is being planned for the Marblehead Coastal project, just north of Downtown San Clemente. This hotel is expected to serve a mid-range market rather than a luxury market, and will offer a proposed 141 rooms.

The addition of these 141 rooms will increase the supply of roomnights in San Clemente by nearly 20 percent. The improved occupancy rates last year reflected a 17 percent increase in overall demand, after six years of essentially no increase in demand. If demand stays the same as last year — which was a six-year high — the City's overall occupancy rate will fall to just 56 percent following completion of the new hotel at Marblehead Coastal. This occupancy rate would be a six-year low for the City. To get back to the six-year average occupancy of 61 percent, total roomnight demand will have to increase by still another 10 percent over the six-year high experienced last year. To stay at the 68 percent occupancy rate achieved last year, roomnight demand must increase by 20 percent over the six-year high. Clearly, these demand growth requirements are highly challenging, and indicate that demand for similar hotel types is unlikely to support new construction in the near-term.

Part of the drag on hotel demand in San Clemente comes from the widespread availability of vacation home rentals. Vacation home rentals, most of which are within walking distance to the pier, beach, and downtown, are popular alternative lodging options for visitors seeking more private and homier living arrangements. According to the Census, the percent of vacant housing units that are used for seasonal, recreational, or occasional use increased from 38 percent to 66 percent from 1990 to 2000. As shown in **Table 27**, most vacation rentals have two bedrooms and two bathrooms, and often come with additional sleeping arrangements to accommodate larger parties. Most of the units are fully furnished and include guest beds, entertainment systems, linens, kitchen supplies and barbeques.

According to local lodging experts, a new, large hotel with more higher-end amenities would serve the community well. Many recent visitors who have inquired about vacation rentals have also inquired about full-service accommodations, but were referred to the new resort properties in neighboring communities due to San Clemente's

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Table 27
Selected San Clemente Vacation Rentals
San Clemente Downtown Strategic Plan

Address	Unit Types		Rates	Area
	bed	bath		
264 Avenida Montalvo B	2	1	\$1,000 (summer weekly) \$2,300 (winter monthly)	Califia Beach
235 Avenida Lobeiro #205	2	2	\$4,800 (summer monthly) \$2,100 (winter monthly)	Califa Beach
235 Avenida Lobeiro	2	1.5	\$1,650 (summer weekly) \$1,200 (winter weekly)	Califia Beach
266 Avenida Montalvo	2	2.5	\$2,300 (winter monthly)	Califia Beach
268 Montalvo #4	2	2	\$4,000 (winter monthly) \$5,000 (summer monthly)	Califia Beach
243 El Portal	2	1	\$2,600 (winter monthly)	North Beach
606 Avenida Victoria	1	1	\$1,495 (summer weekly) \$2,000 (winter monthly)	Pier Bowl
255 Avenida Granada	2	2	\$1,200 (summer weekly) \$1,300 (summer weekly) \$1,800 (winter monthly)	Pier Bowl
411 Avenida Granada	2	1.75	\$950 (winter weekly) \$1,700 (summer weekly) \$1,100 (winter weekly)	Pier Bowl
405 Avenida Granada	N/A	N/A	\$2,400 (winter monthly) \$1,650 (summer weekly)	Pier Bowl
411 Granada #1B	2	2	\$2,500 (winter monthly) \$1,700 (summer weekly) \$1,200 (winter weekly)	Pier Bowl
423 Avenida Granada #21	3	3	\$2,600 (winter monthly)	Pier Bowl
317 Avenida Del Mar #C	2	2.5	\$5,000 (summer monthly) \$2,700 (winter monthly)	Pier Bowl
515 Monterey #6	2	2	\$1,500 (summer weekly) \$1,700 (summer weekly)	Pier Bowl
411 Avenida Victoria #A	3	2	\$2,600 (winter monthly) \$2,000 (summer weekly) \$1,300 (winter weekly)	Pier Bowl
405 Avenida Granada #409	2	2	\$2,800 (winter monthly) \$5,500 (summer monthly)	Pier Bowl
405 Avenida Granada #203	1	2	\$2,500 (winter monthly) \$3,000 (summer monthly)	Pier Bowl
518 Avenida Victoria	3	2	\$2,100 (winter monthly) \$1,900 (summer weekly) \$1,400 (winter weekly)	Pier Bowl
303 Poco Paseo	3	2	\$2,000 (winter monthly) \$3,500 (summer weekly) \$2,200 (winter weekly)	Southwest
327 Boca Del Canon	3	2	\$3,900 (winter monthly) \$6,500 (summer monthly)	Southwest
240 Avenida Vista Del Oceano	4	5	\$4,800 (winter monthly)	Southwest
49 Lienzo	2	2	\$5,900 (summer monthly) \$4,000 (winter monthly)	Talega
Average summer weekly				\$1,715
Average summer monthly				\$4,900
Average winter weekly				\$1,336
Average winter monthly				\$2,737

Sources: White Water Realty and Economic & Planning Systems, Inc.

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lack of such facilities. The unique and attractive Downtown environment may hold promise for the eventual development of such an upscale resort. However, the limited size and number of developable sites in Downtown San Clemente present a severe challenge to such development, which would typically be accompanied by extensively landscaped grounds and outdoor areas.

HOTEL MARKET CONCLUSIONS

San Clemente's hotel market does not show major signs of growth. The past year reflected the only time in six years that hotel performance indicators have improved in San Clemente. Moreover, the planned development of a new hotel at Marblehead Coastal will undermine the feasibility of new hotel development for the foreseeable future. As such, a major new hotel development is not seen as a near-term market opportunity in Downtown San Clemente.

As a near-term option, San Clemente has a number of existing lodging properties that could be upgraded and/or redeveloped at greater densities. None of the 22 lodging properties shown on **Table 25** has more than 100 rooms, and the average size is only 33 rooms per property. Most of San Clemente's lodging properties are located on El Camino Real, including 11 motels on South El Camino Real. If these or other lodging properties were redeveloped into multi-story buildings, they could not only upgrade the quality of the buildings but also take advantage of ocean views that can drive achievable room rates upward.

Over the longer term, it is likely that new hotel development may become an option. A higher-end resort would be differentiated from the existing supply of hotels in San Clemente, and could capitalize on the potential physical and functional improvements to Downtown. Such resort development would compete with relatively new hotel properties in Dana Point, but could draw patrons seeking something slightly different than the Dana Point hotels. As proven in Huntington Beach, hotel development can spur additional development in its Downtown area. After years of underutilized land use, Huntington Beach is experiencing significant new development in its Downtown area and is undergoing a dramatic renaissance, the result of a 20 year redevelopment effort. One of the most significant developments is its 517-room Hyatt Regency, which many in the City believe signaled the area's market readiness for development and investment. There are currently four major projects planned and/or under construction, which include townhomes, retail, office, hospitality, and entertainment land uses.

Only one of the lodging facilities in San Clemente, the Casa Tropicana, is listed as a "bed-and-breakfast." Several other facilities might be considered "boutique hotels," including the Sea Horse Resort, the Villa Del Mar Inn, and the Four Seasons Pacifica, each of which has 10 or fewer rooms. Each of these properties achieves among the highest room rates in San Clemente. However, in current lodging industry practices, it is far more common for small lodging properties — whether bed-and-breakfasts or boutique hotels — to be retrofits of existing buildings rather than new construction.

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Smaller properties often lack the operational efficiencies required to operate profitably while also carrying a substantial debt service from new construction. This is often the case even for properties with as many as 100 or more rooms. Rather than promoting the construction of new bed-and-breakfast and boutique hotels, the Downtown Strategic Plan may be more successful by promoting retrofits of existing structures (including existing motels) to serve a higher-end visitor market niche.

MEETING AND EVENT SPACE ASSESSMENT

San Clemente currently has a little over 19,000 square feet of meeting and event space, which is spread over 16 spaces in seven properties, as shown in **Table 28**. Over fifty percent of the meeting and event space is located in three City facilities, namely the Community Center, the Ole Hanson Beach Club, and the Senior Center. The City's Casa Romantica, an indoor/outdoor facility on 2.5 acres, is also available for rental on a limited basis; however, the property is currently undergoing renovations. According to City Recreation staff, the community facilities are utilized approximately 90 percent of the time that they are available for rental. The majority of patrons are local residents and nonprofit organizations who use the facilities for meetings, receptions, community classes, church gatherings, etc. Summer weddings and receptions are especially popular and reservations for the summer peak season are taken a year in advance.

The other meeting space available for rental is found in the Best Western Casablanca Inn (1,200 square feet), the Holiday Inn San Clemente (2,750 square feet), the Quality Suites (1,000 square feet) and the Country Plaza Inn (2,650 square feet). The largest rooms in each of these properties can accommodate a maximum of around 100 to 125 persons in a reception setting.

San Clemente's supply of meeting and event space pales in comparison to the space provided in neighboring Dana Point even with the proposed 13,500 square foot conference center at the proposed Marblehead Coastal site currently under review. The three full-service luxury resorts in Dana Point, the Laguna Cliffs Marriott, the St. Regis, and the Ritz-Carlton, offer over 100,000 square feet of meeting and event space (not including several acres of rentable outdoor facilities), which is also geared towards weddings and other high-end events (see **Table 24**).

The Marblehead Coastal project includes plans for a 13,500 square foot event facility as part of the hotel development. This development will increase the supply of event space in San Clemente by just over 70 percent, from 19,000 square feet to 32,500 square feet. While this total San Clemente supply will still be relatively small by comparison to the Dana Point supply, it is nevertheless a major expansion within San Clemente. To maintain the current level of use among San Clemente event spaces (estimated at 90 percent utilization), demand will have to increase by 70 percent.

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